

JPRS 74680

30 November 1979

China Report

RED FLAG

No. 10, 2 October 1979



FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Indexes to this report (by keyword, author, personal names, title and series) are available from Bell & Howell, Old Mansfield Road, Wooster, Ohio 44691.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

REPORT DOCUMENTATION PAGE		1. REPORT NO. JPRS 74680	2.	3. Recipient's Accession No.
4. Title and Subtitle CHINA REPORT: RED FLAG No. 10, 2 October 1979			7. Report Date 30 November 1979	
7. Author(s)			8. Performing Organization Rep. No.	
9. Performing Organization Name and Address Joint Publications Research Service 1000 North Glebe Road Arlington, Virginia 22201			10. Project/Task/Work Unit No.	
			11. Contract(C) or Grant(G) No. (C) (G)	
12. Sponsoring Organization Name and Address As above			13. Type of Report & Period Covered	
			14.	
15. Supplementary Notes Translation of HUNG CH'I (RED FLAG), monthly theoretical journal of the Central Committee of the Chinese Communist Party, Beijing.				
16. Abstract (Limit: 200 words) The report contains information on political, sociological and economic developments in the People's Republic of China, focusing on Mao Zedong Thought, and articles and speeches by members of the Central Committee of the Chinese Communist Party.				
17. Document Analysis a. Descriptors PEOPLE'S REPUBLIC OF CHINA Political Sciences Sociology Economics Culture (social sciences) Central Committee Chinese Communist Party Mao Zedong Propaganda b. Identifiers/Open-Ended Terms c. COSATI Field/Group 2, 5C, 5D, 5K				
18. Availability Statement Unlimited Availability Sold by NTIS Springfield, Virginia 22161		19. Security Class (This Report) UNCLASSIFIED		21. No. of Pages 142
		20. Security Class (This Page) UNCLASSIFIED		22. Price

30 November 1979

CHINA REPORT

RED FLAG

No. 10, 2 October 1979

Complete translation of the monthly theoretical journal of the Central Committee of the Chinese Communist Party published in Peking. Passages between slantlines printed in boldface type.

CONTENTS	PAGE
Speech at the Meeting To Celebrate the 30th Anniversary of the Founding of the People's Republic of China (pp 2-22) (Ye Jianying).....	1
Communique of the Fourth Plenary Session of the Eleventh Central Committee of the Chinese Communist Party (pp 23-25).....	33
Heading for an Even Brighter Future of the Motherland-- Warmly Celebrating the 30th Anniversary of the Founding of the People's Republic of China (pp 24-27) (RED FLAG editorial).....	36
Strive To Achieve Modernization in National Defense--In Celebration of the 30th Anniversary of the Founding of the People's Republic of China (pp 28-33) (Xu Xiangqian).....	43
Start From Reality To Find Our Own Way of Economic Construction (pp 34-39) (Xu Jiataun).....	53
Thirty Years of Hardship in Building Our Country (pp 40-49) (Xue Muqiao).....	65
Transform the Economic Management System and Expand the Decisionmaking Power of Enterprises (pp 50-59) (Ma Hong).....	83

CONTENTS (Continued)	Page
Strive To Do a Good Job of Modernizing Medical and Health Work (pp 59-63) (Qian Xinzong).....	100
The Origin of the Criticism Against 'Two Combine Into One' (pp 64-69) (Fan Ruoyu).....	109
In Memory of Chairman Mao's Talk to Musical Workers (pp 68-70) (He Luting).....	118
Is There No Class Struggle Among the People? (pp 71-73) (Zhou Kang, Cheng Qihua).....	122
Rectifying the Ideological Line Is an Important Guarantee for All-Round Agricultural Development (pp 74-76) (Wang Shufang).....	128
Take the Road of Comprehensive Development of Agriculture, Industry, Sideline Production and Animal Husbandry (pp 77-80).....	134

**SPEECH AT THE MEETING TO CELEBRATE THE 30TH ANNIVERSARY OF THE FOUNDING
OF THE PEOPLE'S REPUBLIC OF CHINA**

Beijing RED FLAG in Chinese No 10, 2 Oct 79 pp 2-22

[Speech by Ye Jianying]

[Text] Comrades and friends:

We are gathered here today in celebration of the 30th anniversary of the founding of the People's Republic of China. On behalf of the Central Committee of the Chinese Communist Party, the Standing Committee of the National People's Congress and the State Council, I extend warm festive greetings to the workers, peasants, intellectuals and patriotic personages of the various nationalities working on all fronts for socialist modernization, to all cadres, to all commanders and fighters of the People's Liberation Army and to our compatriots of Taiwan, Hong Kong and Macao and our countrymen residing abroad.

On 1 October 1949, our great leader and teacher Comrade Mao Zedong hoisted the first five-star red flag over Tiananmen Square and proclaimed the founding of the People's Republic of China. China thereupon entered a new era of historical development. The several thousand years of history during which a tiny minority of exploiters ruled over the overwhelming majority were brought to a close and the working people, instead of being the oppressed, became masters of the new state and the new society. The century and more of enslavement of the Chinese people by colonialism and imperialism had come to an end. The Chinese people had stood up.

The victorious Chinese revolution was the most important event in the history of the international proletarian revolutionary movement since the Russian October Revolution and the most important event in world politics since World War II. China is the most populous country in the world and her victorious revolution changed the balance of power in world politics. China had been a backward semicolonial and semifeudal country. It was something quite new in world history for a multinational people led by its proletariat to win victory in the new-democratic revolution and to establish the socialist system in a country

such as China. And this was created by the people under the leadership of the Chinese Communist Party which based itself on the fundamentals of Marxism-Leninism and acted independently and in accordance with China's social and historical characteristics. This fact shows that while it is not possible for the people of a country to win victory in a revolution in the absence of certain international conditions and of the support of the people of other countries, in the final analysis, they must rely on their own efforts and not on orders from another country or an international guiding center. They themselves must find, decide and chart the road to revolution suited to the characteristics of their own country. No one else has the right to impose his will on them. The victorious Chinese revolution has given a new and powerful impetus to world politics and world revolution and opened up bright vistas.

The victorious Chinese revolution is a victory for Marxism-Leninism-Mao Zedong Thought. Marxism-Leninism develops through the revolutionary struggles of the people in different countries. It cannot be monopolized or ossified by anyone in whatever form. Mao Zedong Thought is Marxism-Leninism as applied and developed in the Chinese revolution. It is the result of integrating the universal truth of Marxism-Leninism with the concrete practice of the Chinese revolution. Comrade Mao Zedong was a great Marxist and a great revolutionary and strategist. He early made important contributions to the founding of the Chinese Communist Party and to the development of our new-democratic revolution. After the failure of the great revolution in 1927, when conditions were very difficult, he creatively solved a series of essential problems concerning the Chinese revolution and found the correct road for it. He did this by proceeding from realities in China, not merely from books. He and his comrades-in-arms built the People's Army, established revolutionary base areas and directed a protracted revolutionary war. It was under the leadership of the Central Committee of the party headed by Comrade Mao Zedong that we surmounted the countless difficulties and obstacles on our road to progress, defeated powerful enemies both domestic and foreign, won complete victory in the new-democratic revolution, and then achieved great victories in socialist revolution and construction. We Chinese communists and Chinese people call this development of Marxism-Leninism in the Chinese revolution Mao Zedong Thought.

We hold that all our victories were achieved under the guidance of Mao Zedong Thought, without which there would be no new China today. This is in full conformity with historical reality. Of course, Mao Zedong Thought is not the product of Mao Zedong's personal wisdom alone, it is also the product of the wisdom of his comrades-in-arms, the party and the revolutionary people, and, as he once pointed out, it emerged from the "collective struggles of the party and the people." It is the crystallization of the experience accumulated over the past half century in China's revolutionary struggles and in her building of a new society, the crystallization of the collective wisdom of the Chinese Communist

Party. Comrade Mao Zedong was the most outstanding representative of the great Chinese Communist Party and the great Chinese people. The Chinese people will always remember his immortal contributions, and resolutely defend and develop the scientific system of Mao Zedong Thought.

As we celebrate the 30th anniversary of the founding of the People's Republic, we cherish the memory of the pioneers of the Chinese revolution represented by Dr Sun Yat-sen; we cherish the memory of Comrades Mao Zedong, Zhou Enlai and Zhu De and other departed proletarian revolutionaries of the older generation who made outstanding contributions to the founding and development of the People's Republic of China; we cherish the memory of the deceased patriots of the democratic parties and of the nonparty patriotic democrats who made important contributions to the founding and development of the People's Republic of China; we cherish the memory of all the revolutionary martyrs and soldiers who heroically sacrificed their lives in the different stages of the Chinese revolution and the revolutionary wars; and we cherish the memory of the deceased leaders and outstanding people on all fronts who made brilliant contributions to the socialist cause.

Eternal glory to the people's heroes! We assemble here today to pledge our determination to act with one heart and one mind, keep high their banner, carry forward our revolutionary traditions, win fresh victories in the new Long March for the four modernizations and carry through to the end the socialist cause pioneered by the revolutionary martyrs.

The past 30 years of the People's Republic of China have been glorious years, years of complicated struggle waged by the Chinese people against antagonistic forces both domestic and foreign, and years of tremendous victories in socialist revolution and socialist construction won despite twists and turns along the way. Earthshaking revolutionary changes have taken place in our motherland and the gains have been consolidated in these 30 years.

We have set up the state power of the people's democratic dictatorship, that is, the dictatorship of the proletariat, led by the working class and based on the worker-peasant alliance. The great majority of the leading functionaries in all government organs from the central down to the grassroots level and in all enterprises and establishments under government leadership come from the working people and strive to serve the interests of our multinational people. The establishment of this political power throughout the country (excepting Taiwan) put an end once and for all to the prolonged divisions in China in modern times and brought about the great union and solidarity of all regions and all nationalities in China, a vast multinational country. This union and solidarity had long been the common aspiration of the Chinese people.

But none of the exploiting classes could possibly bring it about, and only the masses of the people under the leadership of the proletariat could make it a reality. Obviously, there is room for improvement in the system and organization of our People's Government, but in the last 30 years it has already played a vital role in uniting the broadest sections of the people for the construction of socialism and the struggle against enemies both at home and abroad. The heroic People's Liberation Army is the mighty pillar of the People's Government. It has always been firmly subordinated to the whole country, it has displayed patriotism, internationalism and revolutionary heroism in participating in and defending socialist revolution and socialist construction, and has rendered meritorious service while at the same time revolutionizing and modernizing itself. It is an army composed of worthy sons and daughters of the people and is the iron great wall of the motherland. The more than 50 fraternal nationalities in our country have formed a new, socialist relationship based on the identity of their fundamental interests and characterized by unity, fraternity, equality and mutual assistance. They are working for the gradual elimination of the inequalities that still exist as survivals from history. The revolutionary patriotic united front in our country has continued to develop in the period of socialism and has become a broad political alliance of all socialist working people, patriots who support socialism and patriots who stand for the reunification of the motherland.

We have abolished the exploitation of man by man, transformed the system of private ownership by small producers, set up comprehensive socialist public ownership of the means of production and initially put into practice the principle of "from each according to his ability, to each according to his work," and thus it has become possible for the Chinese people who account for more than one-fifth of the world's population to enter socialist society. This has been the most tremendous and most profound change in the history of our country. Both the state-owned sector and the collectively owned sector of our economy (the latter including the rural people's communes and various enterprises in towns and cities) have grown significantly. Individual economy practiced by urban and rural working people, which still exists on a limited scale, is already affiliated to the socialist public economy and serves it in an auxiliary and complementary way. As classes, the landlords, the rich peasants and the capitalists have ceased to exist in our country, and the great majority of those who are able to work have been transformed into working people earning their own living. The workers, peasants, intellectuals and patriots of the various nationalities are masters of the country. Ours is still a developing socialist country. Our socialist system has to be improved and our economy and culture are still underdeveloped. But it will certainly continue to develop in spite of all difficulties. It will gradually be perfected and finally reach a level of productivity surpassing that of modern capitalist society. This is an irresistible historical trend. No force can stop it. Neither the setbacks suffered in the past, nor the shortcomings found in our

current work, nor the difficulties to be encountered in the future can in the least shake this firm, scientific conviction of ours.

We have built up independent and fairly comprehensive industrial and economic systems upon the foundation of the "poverty and blankness" inherited from old China.

Over the last 30 years, there has been a substantial increase in water conservancy projects and in the output of chemical fertilizer, farm chemicals, electric power for rural use and of farm machinery, and the conditions for agricultural production as well as the system and methods of cultivation have been considerably improved. In 1978 China's total grain output was 2.7 times and its cotton output 4.9 times those of 1949. Among industries which have been very much strengthened are to be found steel, electric power, petroleum, coal, chemicals, machine tools and light industry (including textiles), and many new industries have started from scratch and developed from small to large. Before liberation, virtually no industries could be found in the vast hinterland including the regions inhabited mainly by the minority nationalities; now we have a great number of new industrial bases in these areas. At present, China has 350,000 industrial enterprises. The fixed assets of enterprises owned by the whole people amount to 320 billion yuan (RMB), or 25 times the value of the fixed industrial assets accumulated over a hundred years in old China. Despite ups and downs, industrial production has increased at an average annual rate of 11.2 percent during the period from 1952, when the rehabilitation of our economy was completed, to 1978. Our transport, freight, postal and telecommunications services have also made headway, changing the former backwardness of many previously inaccessible regions. Our internal commerce and foreign trade have steadily expanded with the growth of production. And with the growth of our industry, agriculture and commerce, the living standards of the Chinese people have improved considerably compared with that before liberation. The tremendous achievements scored in the various branches of our national economy over the last 30 years have laid a fairly substantial material base for the four modernizations and created a reliable springboard for further advance.

We have made necessary reforms in the cultural and educational institutions left over from old China and have promoted science, education, culture, the press, publishing, public health and sports in the interest of the people. We have always maintained a program of education in Marxism-Leninism-Mao Zedong Thought among the whole people and have thus enormously enhanced their political consciousness. We already have a fairly large contingent of socialist intellectuals. Total enrollment in primary and secondary schools and institutions of higher education is 210 million, more than seven times the highest annual enrollment before liberation. There is still a wide gap between the level of China's science and technology and that of the developed countries, but, starting from scratch, we have nevertheless laid the foundation for a number of

new sciences and technologies. Our successful experiments with the atom bomb, the hydrogen bomb and guided missiles, the launching of man-made earth satellites and their recovery, and our synthesis of crystalline bovine insulin are clearly indicative of our attainments in science and technology. We have carried out mass campaigns in public sanitation and sports activities, established a free and cooperative medical care system, and have entirely or in the main eliminated severe infectious diseases, thus greatly reducing the mortality rate and raising the health standards of the people.

We have defeated the successive attempts of foreign forces of aggression to isolate and blockade China, frustrated their interference in our internal affairs and their provocations against us, and consolidated our independence. Standing firm and proud among the nations of the world, our great motherland has become an ever stronger force which nobody can ignore.

The Chinese Government and people have steadfastly implemented the line and policies in foreign affairs laid down by Comrades Mao Zedong and Zhou Enlai, and have ushered in a new epoch in our diplomatic history. Together with friendly countries we initiated the five principles of peaceful coexistence. We have consistently fought against imperialism, colonialism and neocolonialism and for world peace and international justice and supported the struggle of the people of other countries for national independence and liberation. From the beginning of the 1970's, acting according to Comrade Mao Zedong's strategic theory of the differentiation of the three worlds, we have united all those forces that can be united in joint opposition to superpower hegemonism and war threats. New prospects for the international struggle have been opened up, and the international situation is developing in a direction favorable to the people of the world. At present, China has diplomatic relations with 120 countries. Economic and trade relations, cultural contacts and friendly exchanges between China and many countries and regions have steadily increased.

Our achievements over the last 30 years are tremendous, and it is entirely wrong not to see this. Of course, everybody knows that the road we have traveled was not at all even. At times progress was fairly smooth, and at others there were serious setbacks. Our achievements are still not commensurate with the arduous efforts of our entire people and with the potential of our superior social system. We must earnestly sum up our experience and strive for greater successes. The Central Committee of the Chinese Communist Party holds that at an appropriate time a formal summing up should be made of the history of the last 30 years, and especially of the 10 years of the Cultural Revolution, at a meeting convened for this purpose. But it is necessary to make a preliminary basic assessment on the occasion of the 30th anniversary of the founding of the People's Republic. Generally speaking, our line has been correct for the greater part of the last 30 years. We have upheld the

socialist road, the dictatorship of the proletariat, the leadership of the Communist Party and Marxism-Leninism-Mao Zedong Thought and have won great successes. Similarly, on the strength of these four fundamental principles, we have overcome sabotage by antagonistic forces at home and abroad, corrected mistakes in our work, withstood rigorous tests and embarked again on the broad road of smooth development.

After the founding of new China, we pressed forward without let-up and completed the great transition from the new-democratic to the socialist revolution. In the brief space of 3 years, we healed the terrible wounds caused by protracted war and we carried out the suppression of bandits and despotic landlords, the agrarian reform and the suppression of counterrevolutionaries, all of which were tasks left over by the democratic revolution. We unfolded the campaign against the "three evils" and the "five evils" and again reached the previous economic record while at the same time waging the war to resist U.S. aggression and aid Korea. Shortly afterwards, we accomplished the timely and smooth socialist transformation of agriculture, handicrafts and capitalist industry and commerce, fulfilled or overfulfilled the First Five-Year Plan for the development of the national economy and scored brilliant successes in our socialist revolution and construction.

The idea that, after seizing power, the proletariat could transform capitalist into socialist economy by the peaceful means of "redemption" was advanced by Marx and Lenin long ago, but had never been put into effect.

Comrade Mao Zedong creatively applied this Marxist-Leninist principle to the concrete conditions of China and formulated the correct policy of utilizing, restricting and transforming capitalist industrial and commercial enterprises. In the course of practice, we devised a whole set of appropriate measures for transforming them step by step into wholly socialist enterprises. These measures included the placing of state orders with private enterprises for the processing of materials or the manufacture of goods, the establishment of a state monopoly for the purchase and marketing of the products of private enterprises, the marketing of products of state-owned enterprises by private shops and the establishment of joint public and private ownership of enterprises. Thus the historical task of peacefully transforming the capitalist economy was accomplished with very little social unrest. With his deep understanding of the strong desire of the peasants--especially the poor and lower-middle peasants--to get organized after the agrarian reform, Comrade Mao Zedong led us in adopting a series of transitional forms, that is, first mutual-aid teams and then elementary and advanced cooperatives, in the great movement for the cooperative transformation of agriculture. The principle of voluntary participation and mutual benefit was conscientiously followed and typical cases were publicized as models so that the peasants got used to collective production naturally, smoothly and gradually and embarked on the socialist road to common

well-being. Socialist transformation was a large-scale, profound social change that involved hundreds of millions of people, and yet not only did we avoid a drop in production, which is normally unavoidable under such circumstances, we spurred the growth of the entire economy and built up our socialist economic strength. Moreover, we correctly implemented the policy of remolding exploiters and changing them into working people earning their own living. This was a great pioneering work in the history of the world socialist movement and likewise a triumph for Mao Zedong Thought.

In 1956, when the socialist transformation had in the main been accomplished, our party convened its Eighth National Congress presided over by Comrade Mao Zedong. Before and after the congress, he published "On the Ten Major Relationships" and "On the Correct Handling of Contradictions Among the People." These two important works and the major documents of the eighth congress contain the guiding principles for socialist revolution and socialist construction in our country. Their basic contents continue to be of great importance in guiding our work. The eighth congress of the party correctly affirmed that "the history of the system of class exploitation, which lasted for several thousand years in our country, has on the whole been brought to an end," and it pointed out that the major task in the years to come was to energetically develop the productive forces. In the article, "On the Ten Major Relationships," Comrade Mao Zedong systematically summed up our experience in economic construction and set forth the basic principles for building socialism which are suited to our country's conditions. In the article, "On the Correct Handling of Contradictions Among the People," he made a scientific analysis of the political and economic situation and advanced the thesis that we must correctly distinguish and handle the two types of social contradictions, which are different in nature. He explained that the correct handling of contradictions among the people so as to help unite the entire people for economic and cultural development had become the main theme in the political life of the country.

He stated in clear-cut terms that "the large-scale, turbulent class struggles of the masses characteristic of times of revolution have in the main come to an end," that "there still are counterrevolutionaries, but not many" and that "our basic task has changed from unfettering the productive forces to protecting and expanding them in the context of the new relations of production." He expounded the meaning of the important slogan "let a hundred flowers blossom, let a hundred schools of thought contend" with great profundity on many occasions and declared that this was not only our cultural policy but also our political policy, and that it was a fundamental and long-term policy. Later, he repeatedly pointed out that our aim was "to create a political situation in which we have both centralism and democracy, both discipline and freedom, both unity of will and personal ease of mind and liveliness." This ideal continues to be the basic objective of our socialist politics.

In 1958 Comrade Mao Zedong called on us to do away with blind faith and emancipate our minds. He also sponsored the formulation of the general line of going all out, aiming high and achieving greater, faster, better and more economic results in building socialism. Encouraged and inspired by this line, the people of our whole nation gave free rein to their immense enthusiasm and creative energy, explored new ways for carrying out socialist construction independently and self-reliantly, broke new ground in production and scientific research, and set up the system of people's communes in the countryside.

But amidst these immense victories we had become imprudent. In 1957 while it was necessary to counter the attack of a handful of bourgeois rightists, the mistake was made of broadening the scope of the struggle. In 1958 we departed from the principles of carrying out thoroughgoing investigation and study and of testing all innovations before popularizing them in violation of objective laws in our economic work. We made the mistakes of giving arbitrary directions, being boastful and stirring up a "communist wind." In 1959, in inner-party struggle we ineptly carried out the struggle against so-called right opportunism. These "leftist" errors plus the 3 years of natural calamities and the scrapping of contracts and withdrawal of specialists by the government of the Soviet Union brought about the serious economic reverses of the late fifties and early sixties. The Central Committee of the party and Comrade Mao Zedong quickly perceived these errors in our rural and economic work and began to lead us in rectifying them. To this end, he put forward a series of guiding ideas such as the need to oppose egalitarianism, stress commodity production, respect the law of value, strike an overall balance, draw up the national economic plan with agriculture first, light industry second and heavy industry third, exert genuine and not sham efforts and go in for investigation and study in a big way. He also took charge of drawing up the "60 Articles" for the work of the people's communes. The party Central Committee and the State Council took decisive action to establish the correct guideline of "readjustment, consolidation, filling out and raising standards" for the national economy and laid down a succession of correct policies, rules and measures regarding work in other spheres. Early in 1962 an enlarged central work conference attended by 7,000 people was convened, at which criticism and self-criticism was unfolded and both positive and negative experience was summed up. Comrade Mao Zedong criticized himself in his speech at the conference and emphasized the necessity of perfecting the system of democratic centralism in the party and deepening our understanding of the laws of socialist construction.

All this made possible the rapid recovery and growth of our national economy. In this process the people, under the leadership of the party, conquered all difficulties with a firm will and a strong sense of organization and discipline. They not only came through the crisis but also discharged our nation's debts to the Soviet Union, demonstrating that the Chinese are a proud people, a fearless and heroic people.

At the first session of the Third National People's Congress convened toward the end of 1964, Comrade Zhou Enlai, upon the suggestion of Comrade Mao Zedong, pointed out in his report on the work of the government that we must build up China and turn it into a powerful socialist country with modern agriculture, industry, national defense and science and technology by the end of the century. In 1975 he reaffirmed this grand task at the first session of the Fourth National People's Congress. This is the political will bequeathed us by Comrades Mao Zedong and Zhou Enlai, a goal which the whole party and people must strive for indomitably.

In the first 17 years after the founding of the People's Republic, we had adhered to the four fundamental principles. We had made certain serious mistakes in our work but, generally speaking, they were rectifiable through criticism and self-criticism in accordance with democratic centralism, given the leadership of the Central Committee of the party headed by Comrade Mao Zedong. Unfortunately, we were not always able to stick to the correct principles established during those 17 years, apply and develop the successful experience accumulated in the process, and bear in mind the lessons drawn from our errors. As a result, we had to pay a very bitter price and instead of avoiding errors which could have been avoided, we committed even more serious ones.

In the 10 years of the Cultural Revolution which began in 1966, our country went through a fierce struggle between revolution and counter-revolution. The Cultural Revolution was launched with the aim of preventing and combating revisionism. For a proletarian party in power, it is of course necessary to be constantly on guard against going down the revisionist road characterized by oppression of the people at home and pursuit of hegemony abroad. But the point is that, at the time when the Cultural Revolution was launched, the estimate made of the situation within the party and the country ran counter to reality, no accurate definition was given of revisionism, and an erroneous policy and method of struggle were adopted, deviating from the principle of democratic centralism. Driven by counterrevolutionary motives, Lin Biao, the "gang of four" and other conspirators and careerists exploited these errors, pushed things to the extreme and formulated and pursued an ultraleft line. They engaged in "overthrowing everything and launching an all-out civil war," usurping the party leadership and staging a coup to seize power. They attempted to undermine the foundation of our socialist system, subvert the dictatorship of the proletariat, destroy the leadership of the party, adulterate Marxism-Leninism-Mao Zedong Thought and plunge our country once again into the division and chaos abhorred by the people, into bloodbaths and terror. The havoc which the counterrevolutionary gang wrought for 10 long years spelled calamity for our people and constituted the most severe reversal to our socialist cause since the founding of the People's Republic. Their conspiratorial activities were entirely different in nature from the errors committed by our party. They were the most vicious enemies of the entire people, and it was impossible to settle their case through inner-party struggle.

By overthrowing the "gang of four," we rescued our party and state from disaster, swept aside the biggest obstacle in our path to progress, brought our work back onto the right track under the guidance of Marxism-Leninism-Mao Zedong Thought and ushered in a new period in the development of our country.

Comrades and friends! As we celebrate the 30th anniversary of the founding of the People's Republic, while acknowledging past mistakes and setbacks, we must at the same time fully appraise the achievements and the victories we have scored in overthrowing difficulties and setbacks. As in the period of the democratic revolution, our party and revolutionary people have not lost heart because of difficulties and setbacks. Instead, by summing up experience and drawing appropriate lessons, we have become more mature politically, and the revolution will develop more rapidly. "Difficulties and hardships help one achieve success." Only such an assessment of the past 30 years accords with historical facts, with revolutionary dialectics and with the unshakable, revolutionary optimism of the world outlook of proletarian fighters. Facts prove that in the 3 years since the overthrow of the "gang of four," our political maturity and our understanding of the four fundamental principles have become incomparably greater than in the 10 years of the Cultural Revolution and clearly surpass even those attained in the 17 years preceding it. This isn't strange at all. It is the immutable logic of social development and the irresistible trend of our times.

Socialism is historically a brandnew social system. Like everything else in the world, it goes through birth and growth. Compared to the capitalist system with its history of 300 to 400 years, the socialist system is still in its infancy. Since China's feudal society has a particularly long history, our socialist society inevitably retains vestiges of the old society. Of course, our socialist system early showed vitality and promise. But it was still immature and imperfect. It was as yet unprepared to avert or resist such grave attack as the 10 years of sabotage by Lin Biao and the "gang of four." Now it has emerged victorious and it is learning how to prevent future attacks. Hence, it will grow stronger and healthier. We should cherish it more and redouble our efforts to bring into full play its intrinsic superiority and boundless potential in the course of its development. The emergence of the socialist system in China was not fortuitous but was the inevitable outcome of Chinese history. It was the decisive choice of the Chinese people in their hundreds of millions in the long years of their struggle. It is no longer a mere theory but a reality which the Chinese people are industriously building day and night. We firmly believe that socialism has a great future, we firmly believe that the hundreds of millions of Chinese people have a great future.

Comrade Mao Zedong said: "The people, and the people alone, are the motive force in the making of world history." Socialism is the dynamic, creative undertaking of hundreds of millions of people. The dictatorship

of the proletariat means democracy for the broadest masses and dictatorship over the tiny handful of enemies. The leadership of the Communist Party means leadership representing the interests of the people and carrying out their will. And Marxism-Leninism-Mao Zedong Thought is the theoretical summing-up of the revolutionary experience of the people as well as a science rooted in a firm faith in the strength of the people. Thus, the source of strength of the four fundamental principles is the people, and to give them full scope it is necessary to rely on the people.

All the achievements registered in our revolution and construction are the results of the united struggle of the broad masses led by the party, and so is our victory in overcoming the sabotage and havoc wrought by our domestic and foreign enemies. Only by relying on criticism, supervision and help by the masses, can the mistakes we make in our work be corrected opportunely, fully and effectively. As long as our leaders and cadres at the different levels have the interests of the masses at heart, listen attentively to the voices of the people, take the pulse of the nation, and sincerely accept their criticism, we will be able to make fewer mistakes in our work and it will be easier to correct those made, even serious ones. It is true that the people's interests have sometimes been seriously harmed as a result of mistakes in our work in certain periods since liberation. Yet even then our people still had full confidence in our party and government and trusted our ability to correct our mistakes, because the party had established flesh-and-blood ties with them in the course of prolonged struggles and they had been educated in Marxism-Leninism-Mao Zedong Thought over the years. We did eventually correct our mistakes and have not let the people down. As we celebrate the 30th anniversary of the founding of the People's Republic, we must firmly bear in mind our historical experience and lessons, uphold the four fundamental principles, be resolute and bold in checking all evil tendencies that alienate the masses, always maintain close contact with the people, and always have faith in and rely on their wisdom and strength. Then our cause will be ever victorious.

A Decisive Battle for the Nation's Destiny

In the decade of the Cultural Revolution, the Chinese Communist Party and the Chinese people waged intense, sharp and complex struggles against the two counterrevolutionary, conspiratorial cliques of Lin Biao and the "gang of four." It was a struggle between the usurpers of power and the restorationists on the one hand and their opponents on the other. This decisive battle for the nation's destiny ended in utter defeat for the former and victory for our party and people, for socialism. On the occasion of the 30th anniversary of the founding of the People's Republic, we warmly hail the triumphant overthrow of Lin Biao and the "gang of four" and the significant achievements registered in the 3 years since the downfall of the gang.

Under the dictatorship of the proletariat and in face of the Chinese people, who resolutely uphold Marxism-Leninism-Mao Zedong Thought, Lin Biao and the "gang of four" had to camouflage themselves in order to realize their counterrevolutionary schemes. Flaunting the banner of "revolution," they deliberately concocted and pushed an ultraleft line. Therefore, our struggle against them is a struggle both to expose and smash their counterrevolutionary schemes and to criticize and liquidate their ultraleft line. The whole party, army and people have already done much in this regard. The counterrevolutionary nature of these two conspiratorial cliques has been clearly underlined at the 11th congress of the party and the Fifth National People's Congress. Now, we must lay stress on analyzing and criticizing their ultraleft line and conscientiously sum up our experience in the struggle against them in order to prevent the recurrence of similar counterrevolutionary incidents and to insure healthy, sustained progress of our country along the road of socialism in unity and stability.

What are the main characteristics of the ultraleft line of Lin Biao and the "gang of four"?

In the sphere of ideology, they turned the relationship between the subjective and the objective and between mind and matter upside down, exaggerating to the extreme the reaction of social consciousness on social being, of the superstructure on the economic base and of the relations of production on the productive forces, in the belief that man could effect at will a so-called change or transformation of the superstructure and the relations of production. They preached the theory that "men of genius decide everything" and treated revolutionary leaders as omniscient and omnipotent deities, whose every word is truth and must forever be obeyed. They denied that it is the people who make history. They denied the decisive role of production, which is the fundamental activity of the masses, in the development of human history and wantonly criticized the so-called "theory of the unique importance of the productive forces," that is, the fundamental principle of historical materialism. They held that classes should be distinguished according to people's ideological and political viewpoints and asserted that even after the system of exploitation had been abolished, socialist society was still, and would forever be, seething with their brand of "class struggle," which remained and would always remain the one and only motive force behind the development of socialist society. According to them, this kind of class struggle should be used to "decide everything, replace everything, push aside everything and overthrow everything." In this way, they passed off idealism and metaphysics as materialism and dialectics, historical idealism as historical materialism, and their utterly ridiculous pseudo-socialism as scientific socialism.

In the sphere of politics, they concocted the theory of "new changes in class relations," loudly asserting that a bourgeois class had formed inside the party. They conjured up the counterrevolutionary formula

which equated veteran cadres with democrats and democrats with capitalist roaders, thus making the key members in the leadership of our party, government and army at all levels the target of the so-called "continued revolution" and the state apparatus of the dictatorship of the proletariat the target for "thorough smashing." They distorted and wrote off the whole history of the party and the People's Republic and dismissed at one stroke all the arduous achievements of the people in their hundreds of millions under the socialist system as "revisionism" or "capitalism." They put forth the reactionary slogan of "all-round dictatorship" and repudiated the thesis that the dictatorship of the proletariat is historically the broadest form of democracy for the people. They undermined democracy in the party and the state at its very base and, to the extent permitted by their power, imposed a counterrevolutionary, fascist dictatorship. The main force they relied on was a handful of careerists, adventurists, opportunists who had sold their souls, political degenerates and the hooligan dregs of society. The coming together and expansion of this handful of antisocialist elements was the inevitable outcome of the kind of class struggle they invented. All this grew into a theoretical program and plan of action for their all-round seizure of power from the proletarian party and the socialist state and their suppression of the people of every nationality and of every social stratum. And it brought about a most abnormal situation in the political life of the party and the state, in which though a minority they could force their will on the overwhelming majority.

In the sphere of economics, they were against developing the productive forces and wanted to supplant production with their so-called "class struggle." They vilified the four modernizations as "Westernization" and "capitalist transformation," slandered the measures to develop production, promote economic prosperity and improve the material and cultural life of the masses as "revisionism" or "capitalism," and labeled the study of the advanced experience of foreign countries, the introduction of advanced technology and the expansion of foreign trade as "worshipping things foreign and fawning on foreigners" and "national betrayal." They argued that there was no need for a material base for the consolidation and development of the socialist system. They put forward a series of perverse slogans to disrupt production, such as "don't produce for the erroneous line." They abused the workers and peasants who worked hard as "helping the capitalist roaders to present a deceptive picture of prosperity." They freely distorted the true sense of "bourgeois right" mentioned by Marx, insisted that the principle "to each according to his work" was the economic source of capitalism and wished to replace this principle with egalitarianism, which was reactionary. They denied the basic correspondence between the socialist relations of production and the growth of the productive forces. They were against maintaining the relative stability of the socialist relations of production and did all they could to advocate a "pauper's transition (to higher stages of collectivization)" which went beyond the actual level of development of the productive forces and objective needs.

All this could not but lead to the wrecking of the socialist productive forces and relations of production.

In the sphere of culture, they engaged in large-scale disruptive activities under the banner of cultural revolution, causing irretrievable losses to our culture in many spheres. By exercising so-called "all-round dictatorship" in the cultural field, they annulled the policy of "letting a hundred flowers blossom, letting a hundred schools of thought contend" and deprived the people of the freedom of speech, publications, teaching, research and artistic creation and performance. Under the pretext of "opposing feudalism, capitalism and revisionism," they preached the fantastic nonsense that "the more knowledge one acquires the more reactionary one becomes," willfully destroying our historical and cultural heritage and our socialist culture. Their cultural autocracy and nihilism made our socialist culture, education and science retrogress to the level of many years ago.

In the sphere of organization, they dished up the reactionary slogan of "kicking aside the party committee to make revolution" and undermined the organizational principle and discipline of the proletarian party, the organs of the party, government and mass organizations at all levels, the party's ties with the masses, the fine traditions of the People's Liberation Army and its relations with the government and the people. They incited factionalism, legitimized factional activities in the party and army, rigged up their factional set-up and substituted it for the party. Their organizational line with its factionalist criterion for choosing cadres and the factional struggles they instigated to split the party, the army, the masses and the people of all nationalities traumatized our party and people.

Lin Biao and the "gang of four" did their utmost to incite anarchism and ultra-individualism, and incited beating, smashing and grabbing and large-scale armed classes, thereby seriously upsetting our social and political stability and causing the loss of people's lives and property.

They openly preached that "with power in our hands we have everything," and "nothing big can be achieved without lying," shamelessly advocating a scramble for power and lumpen politics. They slandered those who observed revolutionary order and discipline and studied and worked hard as "sheep" or "slaves." They made use of these reactionary, rotten, exploiting-class ideas to corrupt the cadres and the masses, poison our youth and encourage every kind of unhealthy practice and evil trend, thus perverting our fine revolutionary traditions and social morals.

Lin Biao and the "gang of four" were counterrevolutionary double-dealers. They used counterrevolutionary dual tactics against the party and the people. This is one reason why they could go on the rampage with their ultraleft line. They put on the most revolutionary facade and exploited the prestige of our revolutionary leader to whip up a kind of religious

fanaticism. They described themselves as the ones who held the banner the highest, who followed Chairman Mao the most closely and who were forever loyal to the leader and would forever "act according to the principles" supposedly "laid down" by Chairman Mao. Because of the official positions they had held in the Central Committee of the party at the time and also because of their maneuvers, for a while they actually succeeded in hoodwinking a significant number of our cadres and people who lacked political experience and analytical ability. But in everything they did they set themselves against the majority of the people in the party and country, and consequently they had to combine deceit with extremely barbarous and terrorist practices. From the central down to the grassroots level almost all leading cadres and many other cadres, famous model workers on every front and many other workers, peasants and revolutionary soldiers, suffered from frame-ups, attacks and persecution in varying degrees while their families and relatives also suffered because of guilt by association. The same fate befell a large number of intellectuals, including almost all heads of educational institutions, professors, teachers, scientists, engineers, technicians, doctors, social scientists, writers, artists and journalists, many minority-nationality cadres and people, patriotic democratic personages and former industrialists and businessmen who have long cooperated with our party, and returned Overseas Chinese who love the motherland. It was an appalling catastrophe suffered by all our people.

In a word, the struggle of the party and the people against Lin Biao and the "gang of four" was a struggle between revolution and counterrevolution and between upholding or destroying the socialist system, the dictatorship of the proletariat, party leadership and Marxism-Leninism-Mao Zedong Thought. Lin Biao and the gang talked about socialism, too, but theirs was a pseudo-socialism under which a handful could live in great luxury while the overwhelming majority would have to live in poverty indefinitely. They too talked about the dictatorship of the proletariat, but theirs was a feudal, fascist dictatorship of the most corrupt and sinister kind. They too talked about party leadership, but theirs was actually the rule of a counterrevolutionary faction. They too talked about Marxism-Leninism-Mao Zedong Thought, but it was distorted, truncated, adulterated or concocted by them. The struggle of the party and the people against Lin Biao and the "gang of four" was thus an irreconcilable, life-and-death struggle.

As soon as they surfaced, the disruptive activities of Lin Biao and the "gang of four" began to meet with resistance from many revolutionaries of the older generation and the mass of cadres and people.

As the struggle deepened, their plot became exposed day by day, and more and more people saw them in their true colors and struggled against them on an ever-increasing scale. The Central Committee of the party headed by Comrade Mao Zedong led the whole party, army and people in exposing and smashing the counterrevolutionary clique of Lin Biao and then in

criticizing and combating the "gang of four." Under the very complicated and difficult circumstances, Comrade Zhou Enlai waged a prolonged and most arduous struggle against Lin Biao and the gang. Comrades Deng Xiaoping, Hua Guofeng and some other veteran comrades also played a major role at different stages of the struggle. (Chairman Hua Guofeng interposed: "Comrades, here I would like to mention that our Comrade Ye Jianying himself played a major role in the struggle against Lin Biao and the 'gang of four,' and he did a great deal particularly in the struggle to smash the 'gang of four.'") Standing on their side in the struggle and giving them powerful backing were the masses of the whole country, the vast numbers of party members and cadres, and the People's Liberation Army led by the party. The revolutionary mass movements which occurred in Beijing's Tiananmen Square and other parts of the country around 5 April 1976 provided the mass support for the final overthrow of the "gang of four." In October 1976 the Central Committee of the party headed by Comrade Hua Guofeng, giving expression to the will of the people, smashed the gang at one blow, thus ending this mammoth 10-year-long struggle between revolution and counterrevolution with a resounding victory for the Chinese people.

In the 3 years since the overthrow of the gang, our party has led the entire people in removing numerous obstacles and performing many arduous tasks with brilliant results. The situation has improved even more quickly since the third plenary session of the party's 11th Central Committee, at which the decision was made to shift the focus of the work of the party and the state to socialist modernization. That portion of power seized by the "gang of four" and their factional set-up has now been recovered by the party and the people, and the counterrevolutionary faction itself has in the main been destroyed. The party's correct line and policies, once gravely sabotaged, are now being carried out on all fronts after things were set right. Whereas there wasn't a corner of the country without its cases of people who had been unjustly charged by Lin Biao and the "gang of four," and the rights and wrongs of many important historical issues had become confused, today most of these injustices have been redressed and most questions of right and wrong clarified. Whereas socialist democracy and social legality were trampled upon, democracy has now been reactivated in the life of the party and the state, and party discipline is being steadily strengthened, as is state legislative and judicial work. Whereas there was unceasing political turmoil, stability and unity have now been established in the whole country and are being strengthened and developed. The national economy, once brought to the brink of bankruptcy, is now recovering and progressing fairly quickly. The living conditions of the people are beginning to improve, and the cadres and the broad masses are striving to speed up the four modernizations. Whereas idealism and metaphysics were rampant, people's mental shackles have now been smashed and the principles of emancipating the mind and of seeking truth from facts are being revived. All this shows that we have basically set right things once turned upside down by Lin Biao and the "gang of four."

"Where the path seemed to end, barred by
hill and stream,

Another village came in view, charming
with willows and flowers."

Indeed, the great victory in this struggle has opened up new vistas before our party and people and given new life to our socialist cause.

In order to consolidate and broaden our victory, we must continue the criticism of the ultraleft line of Lin Biao and the "gang of four." This line, which held sway for a full decade, has left its pernicious stamp on the whole party and country. The time we have spent in criticizing it is very short, and many people inside and outside the party still don't have a clear understanding of its evil impact. Hence the need to deepen the criticism. As already pointed out, our struggle against Lin Biao and the gang was a struggle over whether to uphold or to destroy the four fundamental principles. Our efforts to set things right politically, ideologically and organizationally and to eliminate the pernicious influence of Lin Biao and the gang after their overthrow are a continuation of this struggle. The more deeply and conscientiously we criticize their ultraleft line, the better able we will be to correctly uphold the four principles. At the same time, only by upholding these principles will we be able to have the ideological weapon needed to eradicate their pernicious influence. We still have a lot to do inside the party and among the people to thoroughly expose and criticize the anti-Marxist, antisocialist, antiparty and antipopular nature of their ultraleft line. This will immensely enhance the political consciousness of our party members and the people at large and strengthen the unity of the whole party and people on the basis of the principles of Marxism-Leninism-Mao Zedong Thought.

The disruptive activities of Lin Biao and the "gang of four" have taught the whole party and the whole nation very profound lessons by negative example. What are the main lessons to be drawn?

First, for socialism to replace capitalism, we must liberate the productive forces and achieve a constantly rising labor productivity to meet the people's material and cultural needs. This is the fundamental aim of socialist revolution. Once the proletariat has seized political power in a country, and especially after the establishment of the socialist system, it is imperative to place the focus of work squarely on economic construction, actively expand the productive forces and gradually improve the people's standard of living. Short of a massive invasion by an external enemy, we must never be diverted from this focus by interference of one kind or another.

Second, it is necessary to make a scientific analysis--one which conforms to objective reality--of the internal class situation and class struggle

after the establishment of the socialist system and adopt correct policies and measures accordingly. Class struggle still exists to a certain extent after the exploiters in our country no longer exist as classes. While rejecting the view that class struggle no longer exists, we must oppose the view that magnifies it, to say nothing of creating so-called class struggles out of the void.

We must strictly distinguish between the two different types of contradictions and never mistake contradictions among the people for those with the enemy, still less conduct inner party struggle the way we fight the enemy. This is the only way to maintain a social and political situation characterized by stability and unity.

Third, we must have a correct understanding of the interrelationship between the masses, classes, political parties and leaders; this is of special importance in a socialist society. Marxism acknowledges that leaders play an important, or even an indispensable, role in historical development. At the same time, it holds that the leaders who play a progressive role are those who represent the interests of the masses and execute their will. According to Lenin, the leadership of a proletarian party or of a socialist state, usually consists not of a single person, but of a collective composed of people recognized as leaders. All organizations, whatever their level, need their own leaders, who rise naturally in the course of mass struggle concomitantly with their prestige. Leaders are not gods. They are not infallible and therefore should not be deified. It is impermissible to belittle the collective or the masses or to exaggerate the role of individual leaders. We must give full scope to democracy in the life of the party and the state, adhere to democratic centralism in organizations at all levels and exercise collective leadership. We must not allow a few people to have the final say, nor should any individual lay down the law. Even less can we permit any individual to place himself above the organization and the masses.

Fourth, we must further improve both party discipline and the socialist legal system, insure democratic rights to all party members and citizens, and see to it that inner-party democracy and socialist democracy are institutionalized and guaranteed by law. All party members, from leaders to rank and file, are equal with respect to party discipline, and all people, from state leaders to the ordinary citizens, are equal before the law of the land. It is absolutely impermissible to have any privileged party members or special citizens not subject to party discipline or state law; there must be no prerogatives transcending party discipline and state law.

Through the struggle waged against Lin Biao and the "gang of four," our people have greatly enhanced their political consciousness and their concern for affairs of state, increased their ability to tell right from wrong, and to distinguish genuine from sham socialism and real Marxism

from false. They have enhanced their ability to fight counterrevolutionaries in disguise and defend true socialist economics and politics. These are invaluable gains. The theory of Marxism-Leninism-Mao Zedong Thought becomes a tremendous material force once it is really grasped by the masses through their struggles. It is our belief that as long as the party and government, together with the people in their hundreds of millions, persist in comprehensively and accurately studying and applying Marxism-Leninism-Mao Zedong Thought as a scientific system, conscientiously learn from the past experience and continue to accumulate fresh experience from practice, we will surely be able to guarantee the correctness of the party leadership and the purity of the dictatorship of the proletariat, and surely be able to further improve our socialist system, make it ever more consolidated, and leave no loopholes that might be exploited by careerists and conspirators to usurp party and state leadership. Of course, this does not mean that our future development will always be straightforward, without any twists or turns.

Rather, it means that it will be entirely possible for us to have the power and means to avoid the recurrence of such grave counterrevolutionary incidents as those of Lin Biao and the "gang of four." Therefore, we have every reason to say that our victory in the struggle against Lin Biao and the gang is a historic victory--an irreversible and decisive victory--in the development of our party and country.

Advance Toward the Great Goal of the Four Modernizations

Both the 11th National Congress of the party and the first session of the Fifth National People's Congress set the goal of achieving the modernization of our agriculture, industry, national defense, and science and technology by the end of this century; the third plenum of the 11th Central Committee of the party and the second session of the Fifth National People's Congress decided to shift the focus of the work of the whole party and the whole nation to socialist modernization, beginning from 1979. The task now facing us is to unite the people of all nationalities and bring into play all positive factors so that we can work with one heart and one mind and go all out, aim high and achieve greater, faster, better and more economical results in building a modern, powerful, socialist country.

The realization of the four modernizations means gradually turning China's agriculture into a developed agricultural system with a rational distribution and all-round development of farming, forestry, animal husbandry, sideline occupations and fisheries meeting the needs of the people and of an expanding industry. It means enabling the rural areas gradually to grow into rich bases combining agriculture, industry and commerce. It means gradually turning our industry into an advanced industrial system which is complete in range and rational in structure and which meets the needs of consumers and the expansion of the whole economy. It means that China will gradually take its place in the front ranks of the world in

terms of national output value and output of major products. It means enabling China's science and technology to approach or catch up with advanced world levels. It means that our people will enjoy stable and gradual improvement in their material and cultural well-being as production increases. And it means that China will raise her national defense capabilities concomitantly with her economic development and be strong enough to defend her security and resist and defeat foreign aggressors in case of a modern war. The realization of the four modernizations in China will inevitably go through a process, advancing from the elementary to the higher stages. But what is certain is that we can achieve those things which the world's advanced countries have done and which we must also do. This is beyond the shadow of a doubt.

We must proceed from China's realities, make a careful study of the laws of economics and the laws of nature, and open up a path to modernization suited to China's specific conditions and features. China is a populous country with a vast territory and rich natural resources. But as her economy, technology and education are relatively backward and as we have lost time in the past, we are faced with many difficulties. We must do a good job in combining our efforts to speed up economic development with the step-by-step raising of the living standards of the hundreds of millions of our people and in combining the full use of existing enterprises with the energetic introduction of advanced technology from abroad.

Given China's vast territory and her vast regional variations, the pace of modernization cannot be even. Under the guidance of the country's unified planning, the different areas must work hard to create concrete forms, measures and methods in accordance with their own specific features so as to reach the general goal of the four modernizations.

By the four modernizations, we mean the four major aspects of modernization and not that modernizing is confined to these four aspects. Along with the reform and improvement of the socialist economic system, we will reform and improve the socialist political system and develop an advanced socialist democracy and a complete socialist legal system. While building an advanced material civilization, we want to raise the educational, scientific, cultural and health levels of the whole nation, foster lofty revolutionary ideals and morals, develop a rich and many-sided cultural life, and thus build an advanced socialist civilization. These are important objectives as well as necessary conditions for the realization of the four modernizations.

At present, the four modernizations constitute the pivot of our political life. The security of the state, social stability and a better material and cultural life for our people all hinge ultimately on the success of modernization, on the growth of production. Our work in every field must revolve around and serve modernization. The work of every district, every department and every unit, right down to every single individual,

as well as the credit due to it, will be judged by its direct and indirect contribution to modernization. All cadres and the entire people must go all out and concentrate on this great cause of construction, making the most of every minute and every second. Efforts must be made to increase production, practice economy, combat waste, raise efficiency, introduce technical innovations, continually tap production potential and open up new fields of production to increase social wealth. Meanwhile, in order to benefit from the development of production and improve the living standards of the people more quickly, it is necessary to continue to improve the work on family planning and markedly reduce the natural rate of growth of the population. In short, we must devise every possible way to secure a sustained, proportionate and high-speed development of the economy.

In his report on the work of the government delivered at the second session of the Fifth National People's Congress, Comrade Hua Guofeng stated in explicit terms that the first battle in our drive for modernization following the shift in the focus of the nation's work is the 3-year battle for the readjustment, restructuring, consolidating and improvement of the economy. We have started on the task of readjustment and still face heavy tasks ahead. As a result of the sabotage by Lin Biao and the "gang of four" which extended over 10 years, the disproportionality in our national economy is still very serious. We must adequately assess the situation, show unity in thinking and action, and accomplish the task of readjustment through steadfast and down-to-earth work. In order to strike an overall balance, the national financial and material resources must be allotted in accordance with the principle of giving priority to production of finished goods over capital construction and to tapping existing potential over starting new projects. Only thus can we place our plan for production and capital construction on a positive and reliable foundation and insure a steady and proportionate development of the whole economy.

We must resolutely curtail capital construction and concentrate on speeding up production in agriculture, light industry (including textiles), the fuel and power industries, transport and communications, and other weak links in our economy. Only thus can we make rapid progress on a reliable foundation. Our existing industrial enterprises are by no means small in scale and have a lot of fairly advanced equipment, and yet productivity remains low. Therefore, we must strive to achieve good results in the consolidation of existing enterprises and raise their production, technical know-how and management skills to much higher levels. We must carry out reforms in the structure of economic management step by step so as to give full play to the initiative of the central departments and local authorities concerned as well as of the enterprises and workers. Enterprises must be given greater power of decision in production, management, allocation of funds, control of materials, assignment of the labor force, distribution of income and other matters. Their income will be closely linked with the quality of management, and the earnings of

workers will be closely linked with their contribution to the state and the enterprise. The scope for decision-making in economic affairs in the localities will also be appropriately broadened under the unified central leadership.

In order to make our economic development and readjustment a success, we must carry out our campaign to increase production and practice economy, and do so in a big, unflagging and deepgoing way. Since the beginning of this year, the masses of our people, scientists, technicians and cadres working in agriculture, forestry, animal husbandry and fisheries, industry--including construction, transport and communications--commerce and service trades, have registered signal achievements in the campaign, and a host of model workers, "shock workers" in the new Long March and "March Eighth" red-banner pacesetters have emerged. Here I wish to extend thanks to these comrades on behalf of the Central Committee of the Chinese Communist Party, the Standing Committee of the National People's Congress and the State Council. We hope that they will one and all persevere in their endeavors and score still greater successes.

Practice since the third plenum of the 11th Central Committee and the second session of the Fifth National People's Congress proves that, in order to insure the success of our political line and our policies and tasks for realizing the four modernizations, we must continue our ideological and organizational work and conscientiously solve the problems relating to the ideological and organizational lines.

Under the leadership of Comrade Mao Zedong, our party laid down a dialectical materialist ideological line in the course of long revolutionary practice, and particularly through the Yanan rectification movement. This line means proceeding from reality in everything we do, seeking truth from facts and linking theory with practice. These are the fundamentals of the proletarian world outlook and the quintessence of Mao Zedong Thought. They are also the foundation on which our party formulates its political line and its principles and policies as well as the guarantee for correctly understanding and carrying them out. As Comrade Mao Zedong said in "On Practice": "The truth of any knowledge or theory is determined not by subjective feelings, but by objective results in social practice. Only social practice can be the criterion of truth. The standpoint of practice is the primary and basic standpoint in the dialectical-materialist theory of knowledge."

Later, when strongly criticizing subjectivism, which does not proceed from objective reality, he pointed out: "This subjectivist method which is contrary to science and Marxism-Leninism is a formidable enemy of the Communist Party, the working class, the people and the nation; it is a manifestation of impurity in party spirit. A formidable enemy stands before us, and we must overthrow him. Only when subjectivism is overthrown can the truth of Marxism-Leninism prevail, can party spirit be

strengthened, can the revolution be victorious." After the founding of the People's Republic, he repeatedly admonished us on the need to promote intensive education on the source of correct thinking and the criterion of truth, for this alone would help us correctly sum up experience, overcome difficulties, reduce mistakes and make a success of our work in socialist construction. The ideological line of dialectical materialism has played a tremendous role in unifying the thinking and action of the whole party, resolving new problems and insuring victory for revolution and construction under very complex circumstances in the various phases of our revolution. This ideological line was gravely sabotaged by Lin Biao and the "gang of four." It was inevitable that we should encounter resistance and had to wage serious struggles when we started to reinstate this line after the overthrow of the "gang of four." To counter the erroneous attitude that treats Mao Zedong Thought as dogmas, the third plenum of the 10th party Central Committee and the 11th party congress in 1977 advocated the comprehensive and accurate understanding and application of Mao Zedong Thought as a scientific system and called for the revival of the party's tradition of seeking truth from facts. The nationwide discussions started in May last year on the criterion of truth helped people break loose from the mental shackles imposed by Lin Biao and the "gang of four," did much to emancipate people's minds, and prepared the way ideologically for the convocation of the third plenum of the 11th party Central Committee. This plenum highly evaluated the significance of these discussions. It explicitly confirmed the unshakable, fundamental Marxist epistemological tenet that practice is the sole criterion of truth. It put forward the principles of emancipating the mind, "starting up the machinery," uniting as one and looking forward, and revived the dialectical materialist ideological line. Of all the things set right following the overthrow of the gang this is the most fundamental.

In the recent period, and especially since its third plenum, the 11th party Central Committee, seeking truth from facts, has solved a number of problems concerning right and wrong in major historical issues and the merits of important leaders; it has changed or revised some theoretical viewpoints, assessments of political situations, political slogans and principles and policies that do not tally with objective facts; and, in the light of objective reality, it has worked out new Marxist theses and decisions on such important matters as the shift in the focus of work of the whole party and nation, the analysis of the domestic class situation, and the policies and tasks in economic and cultural construction. All this is very correct and necessary and has won warm support from the whole nation. It fully demonstrates that the Central Committee is leading the whole party and the people of all nationalities in removing all obstacles and has really restored the original spirit of Mao Zedong Thought, holding high its great banner and inheriting and developing it as a scientific system. I would like to ask comrades to consider whether the Chinese revolution could have been victorious if, after the failure of the great revolution in 1927 and after the Zunyi meeting, Comrade Mao

Zedong had not taken stock of the actual conditions and combated book worship and dogmatism but had instead acted according to what was written in the books.

Would there even be such a thing as Mao Zedong Thought today? By the same token, after the overthrow of the "gang of four," if the Central Committee of the party had not taken stock of the actual conditions at home and abroad and resolutely opposed the bogus formula of "acting forever in accordance with the principles laid down," but had just followed what was written in the books, would it have been possible for us to set things right, carry on the interrupted revolutionary cause and quickly revive and develop the socialist cause pioneered by Comrade Mao Zedong and his comrades-in-arms? How would it have been possible for us to adapt ourselves to the new situation and formulate and carry out policies and measures suited to objective reality, and thus steadily push forward the four modernizations?

The matter is quite clear. Whether or not to uphold Comrade Mao Zedong's dialectical materialist ideological line means, in essence, whether or not to hold high the banner of Mao Zedong Thought in real earnest. To insist on proceeding from actual conditions, seeking truth from facts and integrating theory with practice is the only way to achieve a comprehensive and accurate grasp of Mao Zedong Thought as a scientific system, to integrate the basic principles of Mao Zedong Thought with our practice in modernization and our internal and external struggles and to further the development of Mao Zedong Thought. This alone is the true meaning of holding high the banner of Mao Zedong Thought in real earnest. Otherwise, if Mao Zedong Thought were to be turned into a dogma divorced from objective reality, its vitality would be stifled, the socialist cause would fail, and as for holding the banner high it would be out of the question.

The great majority of our cadres and the masses support the party's political and ideological line, keep abreast of the changing domestic situation and are engaging actively in its development. But there is a small minority both inside and outside the party which has failed to keep pace with the situation and which either remains where it was or has deviated from the revolutionary course, and an erroneous trend of skepticism about the party line and policies with either a "leftist" or rightist slant has emerged. There is nothing surprising about this at a moment of historic change. With most of the people concerned it is an ideological problem, a matter of restudying and re-education. As long as we strengthen ideological and political work and warmly and patiently help them raise their understanding, they will be able to catch up quickly. We should conduct deepgoing study and discussion of the question of the criterion of truth and promote education in the dialectical materialist ideological line on a national scale, on all fronts and in all trades, from the leading organs down to the grassroots. Top leading cadres in particular should take the lead in emancipating the mind and

taking a clear-cut stand. It is the responsibility of the leadership to give ideological guidance to the masses of cadres and people, so that they may keep to the political line of the four modernizations.

In education in the ideological line we must get down to realities and not conduct it in a formalistic way. We must proceed from the objective state of affairs and tackle actual problems which remain unsolved owing to failure in emancipating the mind. This applies, in the broad sense, to every front, every department and every locality and, in the narrower sense, to every production team, every workshop, every retail store, every school, every research unit and every army company.

The purpose of emancipating the mind is, in the last analysis, to unite the whole party and the whole nation in bringing about the four modernizations in a planned, realistic and systematic way.

It means opposing idealism and upholding materialism. It definitely does not mean doing things according to one's own whims or in a blind and reckless way. We must reject all boasting, lying, exaggeration and empty talk. Emancipating the mind means studying and respecting objective laws and acting in accordance with these laws. We should study not only the general laws governing socialist construction as a whole but also the specific laws governing the different fields of our construction work. We must not only study our own experience but also critically study the relevant experience of foreign countries. We must thoroughly study the new problems encountered in our advance and explore the best ways to develop the productive forces, enhance the people's enthusiasm for work and raise their living standards; we must readjust and reform our economic structure, management system and methods of work. In solving problems, we must continue to employ the proven Marxist methods of investigation into typical cases, "dissecting a sparrow" and conducting experiments before doing anything on a large scale. We must see to it that we really have a grasp of the situation, high resolve and correct methods and that we minimize detours and avoid big detours and so reach our goal fairly smoothly.

Our political line must be based on our ideological line and its implementation must be insured by an organizational line. The strengthening of leading bodies at various levels and the reform of our cadre system have become quite urgent and should now be placed on the agenda.

One important question, a key question, is the political and ideological state and vocational competence of the cadres in leading posts at various levels, especially those in key leading posts, that is, whether or not they can firmly carry out the party line, principles and policies and give effective leadership to the drive for modernization. As to the requirements for our cadres, we must resolutely observe the criteria laid down by our party and Comrade Mao Zedong. For the present, we should particularly stress three requirements for the leading cadres at all

levels: First, they must resolutely support the party's political and ideological lines; second, they must be selfless and strictly abide by the law and discipline, uphold the party principle and eradicate factionalism; third, they must have a strong revolutionary dedication and sense of political responsibility as well as vocational competence. We should commend and assign to responsible posts those fine cadres who are devoted to the four modernizations, who have emancipated their minds and are ready to study and explore and constantly improve their vocational knowledge, who play an exemplary role, uphold party principle, are self-disciplined and heed the opinions of the masses and who work hard in a down-to-earth and creative manner. We should help those comrades whose minds are ossified or semiossified to return to the correct ideological line and to raise their understanding of the party's political line, principles and policies. We should unite as many cadres as possible, including those who have made serious mistakes but are genuinely ready to make amends, to work together under the correct line. The very small number of cadres who, after patient education, still persist in their errors and in factional activities and those who have lost their revolutionary dedication and sense of political responsibility will be dealt with by necessary organizational measures. We can't let them obstruct the implementation of the party's line, principles and policies. We must select outstanding people to strengthen the leading bodies at various levels, thus making our organizational set-up equal to the political task of achieving the four modernizations.

Our cadres, and especially those in the leading bodies at various levels, must as far as possible be joined by middle-aged and young people. Old cadres are long-tested and well experienced, and the majority of them are representative of the party's fine traditions in many ways; they are the mainstay of our cause. But it must be admitted that they are advanced in age and that their strength is failing. Middle-aged and young cadres are too few in number in the existing leading bodies. Summing up our past experience in selecting and promoting cadres, we must make up our minds to promote to leading posts within a given period of time a large number of fine cadres in the prime of life who have stood the test of practice and won the support of the masses. A growing number of young or relatively young cadres, guided and helped by old cadres and under the supervision of the masses, should be allowed to take up responsibilities in all fields of endeavor.

Our cadres, and especially the leading cadres at all levels, must strive to acquire the necessary scientific knowledge and skills. It is impossible to give competent leadership to modernization efforts if one does not study hard and acquire scientific knowledge. The development of a modern economy, modern culture and modern politics demands a gradual change in the composition of our cadre contingent with a reduction in the general run of administrative cadres and an increase in the number of specialist cadres in all trades and professions, such as engineers, technicians, agronomists, animal husbandry specialists, managers, scientists, teachers,

doctors, judges, lawyers and artists. Intellectuals specializing in one field or another should be unhesitatingly employed and promoted to responsible posts, so that they may play their full role. Comrade Mao Zedong said long ago: "If we communists show no interest in industry and the economy and are not good at any other useful work, if we know nothing about these things and are capable of nothing, except 'revolutionary work' in the abstract, this kind of revolutionary is of no use at all. We must oppose this kind of good-for-nothing revolutionary and learn all kinds of technical knowledge that will help China's industrialization." Today, this question has become especially acute. We must master the science of Marxism-Leninism-Mao Zedong Thought, and we must study hard and master natural science, technology, the science of management and the different branches of social science. Leading cadres in all trades and professions, particularly young leading cadres, must all strive to become experts in their own fields of endeavor so as to meet the demands of modernization. Those who rest content with being laymen and indulge in political claptrap certainly can't run the country but can only ruin it. We will begin to conduct and institutionalize the periodic training of existing cadres in party schools, secondary vocational schools, institutions of higher learning and training courses. Every one of our cadres should study science and apply it in his work and should make tenacious efforts to this end, even to the point of forgetting food and sleep, setting an example which will move the whole nation in the great march to master modern science and culture.

At present there are serious shortcomings in our cadre system, which are hardly conducive to the discovery, selection and training of bright people or to gradually lowering the average age of our cadres and to raising their professional competence. Furthermore, it tends to stifle and waste many talents. We must work out a plan, take firm and effective measures and carry out the necessary reforms.

Our ideological, political and organizational lines reflect the will and interests of the people. Their formation and development are based on the practice of the masses of the people. Therefore, adhering to the correct ideological, political and organizational lines means adhering to the line of relying on the masses in everything and doing everything for them. To rely on the masses and arouse their enthusiasm, it is first of all necessary to give full rein to socialist democracy and guarantee that they really have the power to participate in the management of state affairs and the affairs of their own work units. The power of our leading cadres at every level is conferred by the people. The people are the masters of the state and society, while we are their servants. We must use the power entrusted to us by the people to work wholeheartedly for their interests. If those empowered by the people are not responsible to the people or set their responsibility to the higher levels against their responsibility to the people and if they do not pitch into the work of modernization but turn a deaf ear to the voice of the masses, reject their criticism and fail to carry out their will, then

they are turning the relationship between the masters and the public servants upside down, thus disqualifying themselves as public servants. In that case, the people have the right to take back the power entrusted to them.

Our cadres at all levels must always concern themselves with the well-being of the masses and protect the legitimate political and economic rights and interests of the people. Of course, the people's material and cultural life can only be improved step by step along with the growth of production. As there still exist quite a few difficulties in our economy, problems accumulated over the years cannot be solved at once. We will gain the understanding of the people, however, if we make clear to them what the difficulties are and what steps we are going to take to solve them. But, with regard to such urgent problems as employment, housing, food, transport, environmental protection, labor protection, medical care, public nurseries, education of the young, reading facilities and recreation, the leading organs and leading cadres should try by every means to create the conditions for solving whatever can be solved through heightened effort. At the same time, party and government functionaries, and the top leading cadres in particular, must not be allowed to abuse their positions and power to seek personal gain and privilege, political or material. We must firmly oppose such unhealthy tendencies as pursuing special privileges, the practice of "going through the back door," self-seeking at the expense of the public interest or the interests of others, repression of criticism, and retaliation. Whoever violates party discipline and state law must be duly dealt with.

All our cadres and people should have a strong sense of responsibility and work together to consolidate and develop the lively political situation of stability and unity. They should make concerted efforts to restore and carry forward the social morals: industry, courage, plain living, selflessness and dedication to the realization of the four modernizations. In stressing the promotion of socialist democracy and the improvement of the socialist legal system, we want to insure both democracy and centralism, both freedom and discipline and both personal ease of mind and unity of will. We must not stress one aspect to the neglect of the other. Only a balanced approach accords with the common desires and fundamental interests of the entire people. We must firmly and thoroughly eliminate the pernicious influence of factionalism, anarchism and ultra-individualism whipped up by Lin Biao and the "gang of four."

We must encourage our cadres and the masses to strictly observe discipline, take the public interest into account in whatever they do, safeguard public order and order in production and other work, and guarantee the unified leadership of the party and state. We will carry through our task of redressing all injustice and see that the policies of the party are well implemented in regard to each specific case. But there is a small number of people whose cases have been handled appropriately by the

units concerned and among whom things have been explained and patient education has been conducted, and yet who persist in their unreasonable demands, stir up trouble, create disturbances and undermine social stability. Their unlawful acts must be punished according to law. This is necessary for the protection not only of social stability and the modernization program but also of the vital interests of the broad masses.

Organizations like the trade unions, the youth league and the women's federation are important representatives of the masses. They should exercise their functions energetically and independently and mobilize and organize the workers, youth and women to take an active part in socialist modernization, to exert themselves in the study of politics, technology and culture and to safeguard the interests of the state and collective. At the same time, they should resolutely safeguard the interests of the masses they represent, help solve their personal problems and combat bureaucracy which is indifferent to the well-being of the masses. Every institution in our socialist state and every organization led by our party has its functions, powers and responsibilities, and none is mere window-dressing. Correct and effective leadership by the party means insuring that all institutions and organizations can work vigorously and in coordination and display their own initiative to the full.

The People's Liberation Army is the defender of the people's interests. It should strengthen its military and political training, enhance its combat capability and revolutionary consciousness. It should carry forward the glorious tradition of supporting the government and cherishing the people and strengthen its unity with the government and the people. Together with the people's militia, it should take an active part in and defend the four modernizations program and be vigilant at all times to guard the frontiers of our great motherland.

The People's Political Consultative Conferences at all levels and all democratic parties should strengthen their work and make still greater contributions to safeguarding the unity of the motherland, enhancing the solidarity of the people and promoting socialist modernization.

Comrade Mao Zedong said: "The force at the core leading our cause forward is the Chinese Communist Party." The strength of the Chinese Communist Party lies in its long-standing unity with the workers, peasants and intellectuals of all nationalities and with all the democratic parties and patriotic forces of all nationalities. We must expand and strengthen the broadest possible united front of all socialist laborers, patriots supporting socialism and patriots supporting the reunification of the motherland in our effort to win new and still greater victories.

As we celebrate the 30th anniversary of the founding of the People's Republic, our thoughts especially turn to our Taiwan compatriots. The

return of Taiwan to the embrace of the motherland and the accomplishment of the country's reunification are the common aspiration of the entire Chinese people, including the people of Taiwan.

Our Taiwan compatriots have a rich patriotic tradition and will surely make valuable contributions to the early accomplishment of this sacred cause. We hope that the Taiwan authorities will correctly appraise the situation, follow the trend of our times and advance jointly with us toward the reunification of the motherland.

Our struggle has all along enjoyed the sympathy and support of the people of other countries. We shall always bear this in mind and we thank them for this. Our modernization program requires a peaceful international environment. On the basis of the five principles of peaceful coexistence, we shall continue to maintain and develop friendly relations with other countries, promote exchanges in the fields of economy, technology and culture and win their cooperation in our national construction. We firmly support the government of the Democratic People's Republic of Korea and the Korean people in their struggle for the independent and peaceful reunification of their fatherland; we firmly support the government of Democratic Kampuchea and the Kampuchean people in their struggle against aggression and for state independence; we firmly support the ASEAN countries in their struggle to defend state independence and safeguard peace in Southeast Asia; we firmly support the people of all Arab countries and the Palestinian people in their struggle to strengthen unity and combat Israeli aggression and expansion; we firmly support the people of African countries in their struggle against colonialism and racism in South Africa and Rhodesia; we firmly support the nonaligned countries in their struggle to uphold the basic principles and correct orientation of the nonaligned movement, and we firmly support the peoples of Asia, Africa and Latin America in their struggle to oppose all forms of imperialism, colonialism and domination, win national liberation, consolidate state independence, develop their national economies and establish a new international economic order. We will never seek hegemony and will never behave as a superpower. We uphold proletarian internationalism, uphold unity with the people of the world, uphold unity with the other socialist and Third World countries and unite with all forces that can be united in the joint struggle to oppose hegemonism, safeguard world peace and strive for human progress.

Comrades and friends! We are living in a great era which holds out a bright prospect for the future. We are engaged in a great cause never before undertaken by our predecessors. For over half a century, numerous martyrs have heroically laid down their lives, devoting everything to the cause of making China a prosperous and powerful socialist country. This ideal will surely become reality through our exertion. We hope that to realize this ideal the whole party, the entire army and the people of all nationalities, integrating the interest of the individual with that of the motherland and linking the future of the individual to that of the

motherland, will strive for the emancipation of the mind, unity and stability, and the four modernizations. Under the leadership of the Central Committee of the party, the Standing Committee of the National People's Congress and the State Council, let us unite as one, hold aloft the banner of Marxism-Leninism-Mao Zedong Thought and march forward valiantly toward the magnificent goal of the four modernizations!

CSO: 4004

COMMUNIQUE OF THE FOURTH PLENARY SESSION OF THE ELEVENTH CENTRAL
COMMITTEE OF THE CHINESE COMMUNIST PARTY

Beijing RED FLAG in Chinese No 10, 2 Oct 79 pp 22-25

[Communique dated 28 September 1979]

[Text] The 11th Central Committee of the Chinese Communist Party held its fourth plenary session in Beijing from 25 to 28 September 1979.

Present were 189 members and 118 alternate members of the Central Committee. Chairman Hua Guofeng and Vice Chairmen Ye Jianying, Deng Xiaoping, Li Xiannian, Chen Yun and Wang Dongxing of the CCP Central Committee, and other members of the Political Bureau of the Central Committee attended. Sixteen other responsible comrades of the central organs and local party committees were present as observers. Comrade Hua Guofeng presided over the session and made an important speech.

The plenary session took place shortly before the 30th anniversary of the founding of the great People's Republic of China and in circumstances marked by a series of major victories won in the 3 years since the downfall of the "gang of four" and by the shift in the stress of the party's work to socialist modernization. The main task of the session was to discuss and approve an important speech that Comrade Ye Jianying is to make on behalf of the party Central Committee, the Standing Committee of the National People's Congress and the State Council at the meeting to celebrate the 30th anniversary of the founding of the People's Republic of China and the "Decisions of the Central Committee of the Communist Party of China on Some Questions Concerning the Acceleration of Agricultural Development."

The plenary session unanimously approved Comrade Ye Jianying's speech. It held that the speech gives high appraisal to the immortal contributions of our great leader and teacher Comrade Mao Zedong, his close comrades-in-arms Comrades Zhou Enlai and Zhu De, and other proletarian revolutionaries of the older generation, gives a full review of the fighting course new China traversed in the 30 years after its founding, makes a profound criticism of the ultraleft line which the counterrevolutionary conspiratorial cliques

of Lin Biao and the "gang of four" deliberately invented and pushed, provides an initial summation of China's basic experience in socialist revolution and construction and clearly points out the direction for further implementation of the guidelines of the third plenary session of the party's 11th Central Committee and the second session of the Fifth National People's Congress. Before it was submitted to the plenary session for discussion, the text of the speech had been discussed for opinions by a wide section of party members and by part of the leading members of the democratic parties and some nonparty personages. The speech is an historic document of great importance, one to guide the work of the whole party, the whole army and the whole country for a long period. When it is delivered, it will inspire the whole party, the whole army and the people of all nationalities throughout the country and encourage them greatly to unite as one and march valiantly toward the grand goal of socialist modernization.

The plenary session unanimously approved the "Decisions of the Central Committee of the Communist Party of China on Some Questions Concerning the Acceleration of Agricultural Development." The draft of the decisions, which had been approved in principle by the third plenary session of the 11th Central Committee of the party and were studied, discussed and put into trial use throughout the country in the past 9 months, have been warmly welcomed by the peasant masses in their hundreds of millions and have produced splendid results. The present plenary session made necessary revisions in the draft on the basis of the results of nationwide discussions and trial implementation and after summing up the views of the masses and cadres. The analysis of the present state of China's agriculture, the summation of historical experience and the plans for modernizing agriculture made in the "Decisions" officially endorsed at the present session conform to actual conditions and are correct; the principles and policies outlined in them meet the needs of China at the present stage in developing agricultural production and the wishes of the people. The plenary session was convinced that issuance and implementation of the decisions would have a far-reaching influence on the following fields of work and give them great impetus--further emancipating the minds of the large numbers of rural cadres, fully mobilizing the enthusiasm of the hundreds of millions of peasants, consolidating and developing the excellent situation in the countryside and speeding up the growth of agriculture and the four modernizations.

In order to enable a number of long-tested veteran comrades to play a more important role in the political life of the party and the state, to strengthen the party Central Committee's leadership and to meet the needs of the new situation and tasks, the plenary session, through consultation and secret ballot, elected 12 comrades--Wang Heshou, Liu Lanbo, Liu Lantao, An Ziwen, Li Chang, Yang Shangkun, Zhou Yang, Lu Dingyi, Hong Xuezhi, Peng Zhen, Jiang Nanxiang and Bo Yibo--additional members of the party Central Committee. This is subject to confirmation by the 12th National Congress of the party. Comrade Zhao Ziyang, alternate member of the Political

Bureau of the Central Committee, and Comrade Peng Zhen, member of the Central Committee, were elected members of the Political Bureau.

The plenary session held that our present task is to unite the people of all nationalities of the country and mobilize all positive factors to work as one, go all out, aim high and build a modern and powerful socialist country with greater, faster, better and more economical results. The plenary session issued the following call to the whole party, the whole army and the people of all nationalities throughout the country: Conscientiously study the important speech delivered by Comrade Ye Jianying at the meeting to celebrate the 30th anniversary of the founding of the People's Republic of China and act in its spirit, conscientiously study and implement the "Decisions of the Central Committee of the Communist Party of China on Some Questions Concerning the Acceleration of Agricultural Development"; keep deepening the criticism of the crimes of the counterrevolutionary conspiratorial cliques of Lin Biao and the "gang of four" in close combination with present realities, criticize the ultra-left line they had invented and pushed deliberately and eradicate their poisonous influence, broaden and deepen the study and discussion of the question of what is the criterion for testing truth, and resolutely unify thinking and action in accordance with the guidelines of the third plenary session of the 11th Central Committee of the party and the second session of the Fifth National People's Congress; and rally still more closely around the party Central Committee and promote the emancipation of thinking, promote stability and unity and the four modernizations; firmly implement the principle of readjusting, restructuring, consolidating and improving the national economy, and go all out and seize every minute to work for victory in the first battle for the four modernizations.

CSO: 4004

HEADING FOR AN EVEN BRIGHTER FUTURE OF THE MOTHERLAND--WARMLY CELEBRATING
THE 30TH ANNIVERSARY OF THE FOUNDING OF THE PEOPLE'S REPUBLIC OF CHINA

Beijing RED FLAG in Chinese No 10, 2 Oct 79 pp 24-27

[RED FLAG editorial]

[Text] On their brave march toward socialist modernization, the people of the various nationalities throughout China are with high pride and in jubilation warmly celebrating the 30th anniversary of the founding of the PRC. The fourth plenary session of the 11th party Central Committee, which concluded on the eve of the festival, approved the speech made by Comrade Ye Jianying on behalf of the party Central Committee, the Standing Committee of the NPC and the State Council at the meeting to celebrate the 30th anniversary of the founding of the PRC. It also passed "Decisions of the CCP Central Committee on Some Questions Concerning the Acceleration of Agricultural Development." Comrade Ye Jianying's speech is a document of great historic importance that provides guidance for the work of our entire party and nation for a long time to come. Conscientiously studying and implementing this important speech will greatly inspire the people of China's various nationalities, the entire party and army in their efforts to strengthen unity and fight for the great victory of socialist modernization.

The birth of new China 30 years ago spelled the end of the situation in which "demons and monsters whirled in a wild dance for a century." The Chinese people have stood up straight ever since. This has been the most important event in the history of the international proletarian revolutionary movement since the October Revolution and a great victory for Marxism-Leninism-Mao Zedong Thought. The proletarian revolutionaries of the older generation, with Comrade Mao Zedong as their most outstanding representative, under extremely complicated and adverse conditions, integrated the universal truth of Marxism-Leninism with the concrete practice of the Chinese revolution, independently and creatively solved the fundamental problems of the Chinese revolution and hewed a correct path for the Chinese revolution. Mao Zedong Thought, which emerged from the collective struggles of the party and the people, has been the banner of the victory of the Chinese revolution. It is a harmonious conclusion

based on the historical reality that there could be no new China today without Mao Zedong Thought. The victory of the revolution of the Chinese people has ushered in a new era in China's history.

In the past 30 years we traversed a great and glorious course which was also difficult and tortuous. The blockade, intervention and subversion carried out by foreign aggressive forces failed to strangle us; the desperate sabotage by Lin Biao and the "gang of four" failed to ruin our cause; and natural calamities and all sorts of difficulties have been unable to stop our advance. On the contrary, our young republic, relying on the infinite power of the four basic principles, is now standing like a giant in the East. Great changes have taken place in our country. We have established and consolidated the people's democratic dictatorship state, or the proletarian dictatorship state led by the working class on the basis of the worker-peasant alliance; we have brought about national unification, except for Taiwan, and national unity. The system of exploitation that had existed for several thousand years has been sent to the museum of history, while the workers, peasants, intellectuals and all patriots have become masters of the new society. We have creatively carried out the socialist transformation of the ownership of the means of production and established the superior socialist system on a firm footing. Through the hard work of all the people, we have, on a foundation of "poverty and backwardness," built up our independent and relatively comprehensive industrial and economic systems, laying a reliable groundwork for our advance toward the four socialist modernizations. On the cultural front, we have also made remarkable progress. The political consciousness of the masses of people everywhere in our country has been raised. We have built a strong national defense, putting an end to the history of defenselessness of the past century. We have increasingly enhanced China's international standing. The Chinese nation is now standing firmly and proudly among the nations of the world. The rich positive and negative experiences we have gained are our priceless assets that will enable us to succeed in the future in performing party and state duties and in carrying forward the socialist cause. It is true that due to the sabotage by the enemy who sneaked into our revolutionary ranks and to certain errors we made in guiding our work during a few periods, we have not scored as great achievements as we should have. Nevertheless, looking back over the past 30 years as a whole, we can say that the great successes we achieved under the guidance of Marxism-Leninism-Mao Zedong Thought are something for which there was no match in the several thousand years' history of old China. The history of the past 30 years has indisputably demonstrated that the socialist cause has great vitality and that no force can hinder its victorious advance.

In a 10-year fierce, decisive battle for the destiny of our nation, we triumphed over Lin Biao and the counterrevolutionary clique of the "gang of four" and rescued our party, our nation and the socialist cause from disaster. After the intense struggle of the past 3 years, the situation throughout the country has undergone fundamental changes. The situation

has been even more encouraging since the third plenary session of the 11th party Central Committee. The factional system of the "gang of four" has in the main been smashed; major issues of right and wrong have in most cases been clarified; and the majority of the unjust, false or wrong cases have been redressed. A political situation of stability and unity has come into being. Socialist democracy and the socialist legal system are gradually being put on a healthy footing. The national economy has turned back from the brink of collapse and continued to develop healthily on a correct path. All work has again been put into the correct orbit of Mao Zedong Thought. The even more brilliant future of our motherland has greatly inspired our party, our army and the entire people in our efforts to progress bravely.

The third plenary session of the 11th party Central Committee is a meeting of great importance in the history of our party. In accordance with the new historical conditions, this meeting revived and carried forward the principle advocated by Comrade Mao Zedong of integrating the universal truth of Marxism-Leninism with the practice of the Chinese revolution. It victoriously and forcefully swept away all the idealist and metaphysical fallacies peddled by Lin Biao and the "gang of four." The meeting upheld the principle of seeking truth from facts, correctly solved a series of major historical problems, scientifically analyzed the political and economic situation and determinedly made the great, historic and strategic decision to shift the focus of our work to modernization. This was a meeting to hold high the great banner of Mao Zedong Thought; it demonstrated the party's boldness of vision, foresight and wisdom; and it also showed that our party is a great, glorious and correct party. Under the leadership of such a party, the people throughout our country are full of confidence about the future of our motherland. At present our entire people must truly unify their thinking and actions on the basis of the spirit of the third plenary session and the second session of the Fifth NPC. Our task is to unite with all the nationalities in our country, mobilize all positive factors, work with one heart and one mind, aim high, go all out and build a modern, powerful socialist country with greater, faster, better and more economical results.

According to the political line of building China into a modern, powerful socialist country laid down by the third plenary session of the party, the entire party and nation must center all work on the four modernizations. The purpose of revolution lies in the emancipation of production forces. Once the proletariat has gained a firm grasp on state power and suppressed the resistance of the enemy, especially after the elimination of the system of exploitation and exploiting classes, the party and the nation must turn their main attention from class struggle to giving scope to the superiority of the socialist system and to protecting and promoting the rapid development of the productive forces. If we make a comparison between the present situation and the situation that existed more than a dozen, or even two dozen, years ago, we can see that the

elimination of the exploiting classes is now an unquestionable historical fact. The people have bitterly experienced the seriously adverse effects produced by the widening of the scope of class struggle and are eagerly demanding stability and unity. The people hope that we can concentrate all our efforts on production and construction and improve our material and cultural life on the basis of the development of production. Going in for socialism means striving to satisfy the ever-increasing needs of the people and providing them with the opportunity to live a life characterized by wealth and civilization for all. The strategic decision concerning the shift in the focus of our work made by the third plenary session of the party and the second session of the Fifth NPC, and the analyses on the class situation given at these conferences, reflected the fundamental interests and common wishes of the masses of people.

Bringing about the shift in the focus of our work and centering it on the task of production and construction does not in the least mean nullifying the commanding position of proletarian politics in economic work. The leadership of the party, the dictatorship of the proletariat, the socialist road and Marxism-Leninism-Mao Zedong Thought were and will continue to be the basic principles to be upheld in all spheres of work. Steadfastly upholding the four basic principles and paying attention to preventing and overcoming "leftist" or rightist tendencies deviating from such principles constitute the basic guarantee of our victory in the drive to realize socialist modernization. We must vigorously strive to strengthen our ideological and political work, unite all the people that can be united, mobilize every positive factor, bring into full play the wisdom and strength of our people and strive for the four modernizations. In the new period all work must revolve around the four modernizations, just as in the revolutionary war period all work revolved around the revolutionary war. We must currently concentrate our strength upon readjusting, restructuring, consolidating and improving the national economy, conscientiously study and implement the "Decisions of the CCP Central Committee on Some Questions Concerning the Acceleration of Agricultural Development," win the first battle for the four modernizations and do all we can to bring the national economy within 3 years onto the path of sustained, proportionate and high-speed development.

The correct ideological line forms the foundation of the correct political line. To implement the correct political line, we must follow the correct ideological line. Without a correct ideological line, the political line of the party cannot be implemented. According to the requirements set forth by the fourth plenary session, unfolding the discussion on and studying the principle of practice being the sole criterion for testing truth in an extensive and thoroughgoing manner is the most fundamental measure for eliminating chaos and restoring order and also the most fundamental measure in ideological construction. Since the conclusion of the third plenary session, the broad masses of our cadres and people have further criticized the ultraleftist line of Lin

Biao and the "gang of four," made great progress in following the correct ideological line and achieved outstanding successes in the implementation of the line, principles and policies of the party. However, the thinking of some people, especially of a few leading cadres, is still ossified or semioossified. They still do not have an adequate understanding of the principles laid down by the third plenary session "to emancipate the mind, start up the machinery, seek truth from facts and be united in looking forward to the future." Some have not yet truly accepted these principles; instead, they are suspicious, look on and stall or even resist. They have failed to conscientiously study and discuss the principle of practice being the sole criterion for testing truth, to link this principle with reality or to use it to test ideologies, theories, policies or work and to uphold what is right and correct what is wrong. Currently there are two completely different attitudes toward Mao Zedong Thought. One is that of seeking truth from facts, proceeding from reality, doing everything possible to comprehensively and accurately grasp the scientific system of Mao Zedong Thought and applying the standpoint, views and methods of Marxism-Leninism-Mao Zedong Thought to the summation of our experiences in revolution and construction, the study of new conditions and the solution of new problems. The other attitude is that of clinging to the two "whatevers" and maintaining that "holding high" means opposing any move to change anything established in the past, mechanically copying everything practiced in the past and doing otherwise means "chopping down the banner." The former is the scientific attitude consistently advocated by Comrade Mao Zedong. It is an attitude that integrates theory with practice and truly holds high the great banner of Marxism-Leninism-Mao Zedong Thought. The latter is the very opposite; it is an idealistic attitude that opposes science and has downright betrayed the fundamental tenets of Marxism-Leninism-Mao Zedong Thought. This attitude can only destroy the vitality of Mao Zedong Thought and lead to the failure of the socialist cause. This kind of "holding high" actually is sham "holding high." Most of the comrades who hold fast to the two "whatevers" viewpoint or are under the influence of this viewpoint have problems with their thinking and understanding. They still have not rid themselves of the influence of the ultraleftist line; theirs is a case of imperceptible poisoning. We must approach them with enthusiasm and sincerity, suit the remedy to the case, educate these comrades in the ideological line of the party, enable them to earnestly make up the missed lesson on the criterion of truth and bring home to them the fact that upholding the dialectical materialist ideological line means upholding Marxism-Leninism-Mao Zedong Thought. The extremely small number of people who oppose the third plenary session of the party are unable to wrap themselves in any attractive cloak. They have come out against the third plenary session in the name of "holding high" to protect their personal gains. We must also educate these people in the hope that they will change their stand. However, the historical trend will not reverse, and the Chinese people will march forward along the line of the party. Anyone who nurses the vain hope of raking in personal gains is sure to see his hopes dashed like a punctured balloon.

Once the correct political line is determined, the key issue in our work is to insure that there are cadres who truly and wholeheartedly lead the people in the implementation of the line. Cadres at all levels form the leading force and backbone in our drive for the four modernizations. We must be aware that there are cadres who are very incompatible with the requirements of the four modernizations as far as their political and ideological level, scientific and cultural knowledge, working abilities and experience in management are concerned. The havoc inflicted upon the ranks of our cadres by the ultraleftist line of Lin Biao and the "gang of four" has led to very serious consequences. Having solved the problems concerning the political and ideological line, the solution of problems concerning the organizational line is now an urgent task of strategic importance facing our party. In the selection and appointment of cadres, we must uphold the principle of judging people according to their political integrity and ability. At present, among the leading cadres at all levels, we must stress the special importance of the following three points: First, it is imperative to resolutely uphold the party's political line and ideological line; second, it is imperative to be selfless, strictly abide by discipline, uphold the party spirit and eradicate factionalism; and third, it is imperative to display strong dedication to the revolutionary cause, foster the sense of political responsibility and acquire vocational competence. People seriously under the influence of factionalism always work for their own interests and for those of their faction in complete disregard of the interests of the party and the people. They practice favoritism and promote those who support them but are inert or dishonest in their work; they consider such people as "good cadres." Factionalism originates from extreme individualism. It is the source of trouble that can disrupt the party, split the masses, undermine unity and sap our fighting spirit. It is a stumbling block on our road toward the four modernizations. If leaders in power engage in factionalism, factionalism can pose an even greater danger. Our party has always prohibited factionalist activities, and no one within the party is allowed to carry on such illegal activities. To uproot all factors spawning unrest and to consolidate and develop the political situation of stability and unity, it is imperative to unswervingly stamp out factionalism. We must reeducate our cadres in Marxism-Leninism-Mao Zedong Thought and train and select good successors through practical struggle. We must build up an army of cadres who resolutely implement the line and policies of the party, keep up the party spirit, observe party discipline, maintain close links with the masses and are men of action, well trained and well versed in their respective fields and determined to realize the four modernizations. This is a fundamental task which is crucial to the continued implementation of our party's political line and to the continuous advance of the socialist cause along the road illuminated by Marxism.

Socialist modernization is a creative cause, full of vigor and vitality, in which hundreds of millions of people are taking part. It is the masses of people who possess the most fundamental and tremendous strength with which to realize the four modernizations. Leading cadres at all levels,

as the vanguard on the march toward the four modernizations, must carry forward the spirit of wholeheartedly serving the people and the fine traditions of the party. This is an indispensable characteristic of cadres entrusted with the responsibility of leading the masses of people forward. We must maintain close links with the masses and not practice bureaucratism; we must integrate theory with practice and not let our actions belie our words. We must uphold democratic centralism and not indulge in arbitrary decisions or peremptory actions. We must be selfless and never seek personal gains at the expense of public interests. We must work hard, live simply and never seek privileges. The evil practice of seeking privileges and "back door benefits" peddled by Lin Biao and the "gang of four" are still undermining the socialist cause. Despite the repeated warnings issued by the party Central Committee against them, our efforts in eradicating such evil practices have yet to produce all the results desired by the masses of the people. A number of our cadres still employ all sorts of methods of abusing the power in their hands to serve their personal interests. Every communist and cadre who genuinely and wholeheartedly upholds the political line of the party must conscientiously resist and rectify such decadent practices and strive to become one who shows more concern for the party and the masses than for himself and more concern for others than for himself. As long as our party members, cadres and, first of all, our leading cadres truly play an exemplary role and act as the vanguard, the broad masses of the people will surely bring their revolutionary enthusiasm and creativity into further play, and the pace of the four modernizations will surely be accelerated.

There are very favorable conditions at home and abroad for us to realize the four modernizations by the turn of the century. Ours is a just cause which is bound to succeed. We must become promoters in the drive to emancipate the mind, to consolidate and develop the situation of stability and unity and to bring about the four modernizations. In 20 years and by the time we greet the 50th anniversary of the birth of our People's Republic, we are sure to see an even more brilliant, modern socialist China standing heroically before the peoples of the world. Let us strive, under the leadership of the party Central Committee and with one heart and one mind, for the advent of that day!

CSO: 4004

STRIVE TO ACHIEVE MODERNIZATION IN NATIONAL DEFENSE--IN CELEBRATION OF THE
30TH ANNIVERSARY OF THE FOUNDING OF THE PEOPLE'S REPUBLIC OF CHINA

Beijing RED FLAG in Chinese No 10, 2 Oct 79 pp 28-33

[Article by Xu Xiangqian]

[Text] While advancing along the road of a new Long March toward the four socialist modernizations, the PLA, in boundless joy, joins the people of the whole country in warmly celebrating the 30th anniversary of the founding of the great PRC.

Over the past three decades, our army, under the correct leadership of the great CCP and with the vigorous support of the Chinese people of all nationalities, has held high the great banner of Marxism-Leninism-Mao Zedong Thought and overcome difficulties, especially the serious interference and sabotage by Lin Biao and the "gang of four," and won brilliant achievements and great victories in the struggle for building itself and defending the motherland. It preserves and carries forward the fine revolutionary traditions and continues to improve its military and political qualities. As a result of the developments in scientific research in national defense and the developments in the defense industry, it has developed from a single army into an army with many services and arms, including the three armed services and various special arms. It also has modern weapons such as the atom bomb, hydrogen bomb and guided missiles. It won signal victories in the war of resisting the United States and aiding Korea, in the wars on the Chinese-Indian borders, the Zhenbad Island and the Xisha Islands and in the self-defense counterattack against Vietnam. It has also effectively waged struggles to defend the territorial airspace and waters. The situation in which our country was willfully and frequently invaded by imperialism has been forever and will never return. Our country is standing like a giant and as a powerful socialist country in the East. It has also become a huge force combating hegemonism and defending world peace.

Our country's socialist revolution and construction is now entering a new period of development. Since the turn of this year, the whole party and the whole country have shifted the focus of their work to socialist

modernization in order to achieve modernization in agriculture, industry, national defense and science and technology before the end of this century. Modernization in national defense is a component of the four modernizations. Achieving it is a task of major strategic significance, is urgently needed to resist aggression by social imperialism and is an important condition for defending our country's socialist modernization. Modernization of our country's national defense will greatly add to the forces combating hegemonism and defending world peace and conforms with the wishes of all peace-loving countries and peoples of the world. We must firmly implement the guidelines of the third plenary session of the 11th CCP Central Committee and the second session of the Fifth NPC, seriously study and act according to the important speech delivered by Comrade Ye Jianying at the meeting marking the 30th anniversary of the founding of the PRC, uphold the four basic principles, unify our thinking and actions and strive to attain the great goal of modernizing national defense.

I

The fast development and extensive application of modern science and technology have caused tremendous changes in weaponry. The modernization of weaponry has become an integral part of national defense modernization. To improve and develop our army's weaponry, we must take our country's current conditions into consideration and study the policies and principles we should follow in modernizing national defense.

Our country's economy, science and technology are underdeveloped. The modernization of national defense cannot be divorced from the modernization of agriculture, industry, science and technology and, in the final analysis, is based on the national economy. Therefore, to make sure that the modernization of our national defense tallies with the development of the national economy, we must first of all guarantee the high-speed development of the national economy. Blindly pursuing large-scale and high-speed development in building national defense will invariably and seriously hinder the development of the national economy and harm the base of the defense industry. Subsequently, "haste makes waste." Comrade Hua Guofeng clearly pointed out in his "Report on the Work of the Government" delivered to the second session of the Fifth NPC: Strive to modernize our national defense on the basis of a modern economy. This is a conclusion drawn from the actual conditions of our country and represents the correct policy we should follow in handling the relations between the building of our national defense and the building of our national economy.

Beginning this year, we must concentrate our efforts during the next 3 years on carrying out the policy of readjusting, restructuring, consolidating and improving the national economy. This is an active policy to insure that our country's modernization develops in a down-to-earth way. Adopting this policy will bring our national economy step by step

on the path of sustained, proportionate development and subsequently lay a firmer and more reliable foundation for modernizing our national defense. We believe that so long as we fully display our subjective activity, arouse all positive factors, unearth potential in all fields and vigorously make changes and create, it is possible to develop our ability to the fullest. Historical facts on the modernization of our country's national defense have proven this point. The readjustment of our national economy during the early 1960's effectively promoted the development of the national defense. We successively tested the atom bomb and the hydrogen bomb, launched man-made earth satellites and strengthened the building of the three services and various other arms. Our country is now in a much better condition than it was at that time. We have laid a very strong foundation for our scientific research in national defense and for our defense industry. We have also acquired both positive and negative experiences in this connection. Our cause of modernizing national defense will surely develop more quickly and with better results.

Ours is a socialist country. We will never commit aggression against another country. Strategically, we have adopted a policy of active defense. Our national defense must follow this policy and must not go against it. The modernization of our national defense is diametrically different from the development of military forces in hegemonic countries. A hegemonic country develops its military forces to serve its policy of aggression and expansion. In particular, social imperialism has wild ambitions. It adopts the policy of strategic offense, stresses the development of offensive weapons and vigorously manufactures weapons and their carriers required in overseas operations. Obviously we must not follow in its steps. We must gear the modernization of our national defense to our needs of resisting foreign aggression and defending our country. We must develop our weaponry with stress on the main points and in a planned way. Take conventional weapons and special weapons, for example. We must lay stress on the development of conventional weapons while continuously developing some nuclear weapons and other sophisticated weapons. We are developing nuclear weapons to break down the nuclear monopoly. We use them in defense. We do not base our victory in war on nuclear weapons. With regard to the development of existing weapons and new-type weapons, we must first put our footing on the present foundation, bear in mind our need to constantly be prepared for war, strengthen and improve the existing weaponry and increase its battle efficiency. Meanwhile, we must strive to develop scientific research in national defense so this research can anticipate the defense industry. We must actively design and manufacture new-type weapons. We must strive to equip our army with new weaponry in a considerably short period, improve our weaponry step by step and make it attain the advanced world level.

Our country has vast territories with a large population and varied natural conditions. This invariably imposes different demands on national defense. Our country shares far-flung borders with the big and

small hegemonic countries. It has vast expanses of territorial airspace and waters. It has different types of geographical and climatic conditions. The armed forces in different areas have different combat tasks and different targets of attack. We must design and manufacture weapons useful in different conditions. Our country adopts an armed forces system comprising the field army, the local forces and the militia. It has a population of more than 900 million. Its future war against aggression will be a people's war on an unprecedented scale in human history. To meet this situation, we must correctly handle the relations between unified planning and local conditions in building our national defense and fully arouse the initiative of the central and local authorities. While setting up a national system for a modern defense industry, we should build and develop the defense industry step by step in various parts of the country. We must make the army-men and civilians work with concerted efforts. We must combine peacetime needs with wartime needs. We must also fully arouse the enthusiasm and initiative of the masses of people and prepare material and conditions for turning all civilians into army-men during wartime.

The current international conditions for modernizing our country are greatly different from those in the past. The victories brought by our foreign policy have provided us with good conditions for conducting economic, scientific and technological exchanges with other countries. We should see that science and technology have no class nature. Conducting economic exchanges with and importing technology from other countries is an important way to promote a country's economic, scientific and technological development. We must, under the premise of maintaining independence, keeping the initiative in our own hands and relying on our own efforts, learn the good things of foreign countries and selectively import advanced technologies which we urgently need. In importing foreign technologies, we should pay attention to raising our scientific and technological levels and training useful personnel, arouse the enthusiasm of our scientists and technicians and encourage them to work with stamina and diligence and to combine learning from foreign experience with our own creative efforts so that the modernization of our national defense can attain the advanced world level more quickly.

The current conditions at home and abroad are highly favorable to us. Provided we follow the current policies and principles for modernizing our national defense, we can predict that with the successful development of modernization in agriculture, industry, science and technology, a complete system will be set up for the modern defense industry and will expand, our army will have much better weapons and we can surely attain the goal of modernizing our national defense.

The modernization of our national defense will invariably cause a deep-going revolution in our army's setup. To modernize our national defense, we need not only modern weapons but also people, especially cadres, who are devoted to the socialist cause and are versed in modern weapons and operational methods. This imposes new and higher demands on building our army. All commanders and fighters in our army should display their revolutionary spirit, adopt a completely new attitude, enthusiastically plunge into this great struggle and dedicate all their wisdom and strength to building a powerful and modern revolutionary army.

We must equip ourselves with advanced military thinking to meet the needs of modernizing our national defense and the needs in a future war. We will have a powerful fighting force when modern weaponry is combined with men who have advanced modern military thinking. To master advanced modern military thinking, we must combine Marxism-Leninism-Mao Zedong Thought with the practice of modern warfare and realistically solve problems regarding the theory and practice of building a people's army and launching a people's war under modern conditions. Engels pointed out: "As soon as advances in technique became militarily applicable--and applied they were--they immediately and almost forcibly produced changes and even revolutions in the methods of warfare, often against the will of the army command." (Engels: "Anti-Duhring," "Selected Works of Marx and Engels," Vol 3, p 211) Modern science and technology are developing with each passing day. Atomic energy, aeronautics, electronics, lasers, infrared rays and other techniques are extensively applied militarily, causing tremendous changes in weaponry. These changes will surely cause corresponding changes in the method of fighting.

War is now conducted in a way different from that in the past. Take our future war against aggression, for example. The target of attack, the scale of war and even the method of fighting are new to us. We must study and solve a number of new problems in light of new conditions. Our military thinking must tally with the changing conditions. If we treat and command a modern war in the way we commanded a war during the 1930's and 1940's, we are bound to meet with a big rebuff and suffer a serious defeat. We have seen many incidents in the history of war in which an army was defeated, not because its weapons were poor, but because its commander had backward military thinking and directed the operations in the wrong way. During World War I the French Army was not inferior to the German Army in strength and weaponry. Nevertheless, it was defeated in a short period by the German Army. An important reason, apart from the adoption of a wrong appeasement policy, was that France's military thinking at that time remained at the state of World War I and lagged 20 years behind and France made a serious mistake in directing the war. We must learn from this historical lesson.

Comrade Mao Zedong was a great proletarian strategist. During the long course of leading the Chinese revolutionary war, he drew on the essence of ancient and modern arts of war in China and elsewhere and left us a precious legacy of military theory. His military thinking and his works on people's army and people's war was inherited and developed from the Marxist-Leninist military theories and is the theoretical base of our military thinking and the guide to our military operations. Mao Zedong's military thinking has strong vitality because it stemmed from the practice of war and developed alongside the development of practice and is not rigid dogma divorced from reality. Comrade Mao Zedong put forward a famous argument in his article "Problems of Strategy in China's Revolutionary War": "All the laws for directing war develop as history develops and as war develops; nothing is changeless." When he talked about the 10 major principles for military affairs in 1958, he pointed out: "These 10 major principles are still applicable at present and will still be applicable in many places in the future. However, Marxism-Leninism is not stationary, but develops. These 10 major principles also need to be amended and developed in light of the actual conditions of a future war. Some of them may need to be revised." His scientific attitude of studying warfare in a dialectical-materialist and historical-materialist way will always be an example for us to follow. An honorable task placed before us during our march toward modernizing our national defense is to inherit and develop Mao Zedong's military thinking, to study the new conditions of modern warfare and to solve new problems which may arise in modern warfare. For this reason, we must seriously carry out the guidelines set forth at the third plenary session of the 11th CCP Central Committee and further emancipate our minds. We must extensively and penetratingly study and discuss the question on the criterion of truth in light of the actual conditions in our army, completely smash the spiritual fetters of all descriptions created by Lin Biao and the "gang of four," prevent and overcome ossification and semi-ossification in military thinking and oppose the wrong attitude of being conservative and complacent, blindly sticking to and copying every word written in a book. We must seriously study Marxism-Leninism-Mao Zedong Thought, learn their stand, viewpoint and method of studying and directing a war, seriously sum up our army's experience, pay attention to learning foreign experiences of war and have a good grasp of the trend of the world's military situation and the evolution of military thinking. In particular, we must seriously and creatively study the enemy, take the actual condition of the enemy and the situation into consideration and find out the laws for directing a people's war under present-day conditions. We must whip up a high tide of studying military science with emphasis on the strategy, tactics, science and technology of modern warfare. Comrades of the whole army should act in concert to inherit and develop Mao Zedong's military thinking and to combine studying Mao Zedong's military thinking with their own creative effort. They should write military theoretical works, draw up military rules and regulations and compile military manuals and textbooks embodying Mao Zedong's military thinking and reflecting the characteristics of modern warfare and use them to guide the current army building and the future practice of fighting a war against aggression.

To intensify the modernization of our army, we must grasp education and training as a central task. How high are our army's tactical and technical levels, its levels of organization, command and management and its scientific and cultural levels? We should admit that our army cannot meet the demands of a modern war. There are many questions concerning the use of modern weapons, the organization of joint operations and bringing the various armed services into full play. We should also see that our army's scientific and cultural level is not high and that an army cannot be modernized if its men do not have modern scientific and cultural knowledge. These are acute contradictions before us and we must make arduous efforts to resolve them. Otherwise, even if our army has advanced weapons, it cannot use them and bring them into full play. These contradictions can be resolved chiefly through education and training during peacetime. Party committee members and army and government leaders at all levels should devote their main energy to grasping education and training and take this education and training as an important strategic problem and as a central task for the whole army during peacetime. They must conduct military and political training and scientific and cultural education well and run our army as a big school.

The most important prerequisite for strengthening education and training is to base them on the needs of actual war so that the army can really learn what is needed in future operations. To make training resemble a real battle as much as possible, we must bear in mind the characteristics and concrete conditions of our main objects of attack, take our army's existing equipment and its future development into consideration and realistically devise the strategy, tactics and techniques for fighting a people's war under modern conditions so that our troops and cadres can receive good training. We must learn about the enemy's establishment and equipment and the characteristics and methods of its operations. We must draw up a plan for training our troops according to the various conditions which may arise on land and sea and in the sky in a future war against aggression. We must realistically strengthen special training for various services and arms and training in the headquarters and in logistics. We must especially do a good job of joint training for various services and arms to increase their power of organization and command in joint operations. In the course of this education and training, special attention should be paid to training cadres at all levels. The good or poor results of training troops and the good or poor results in fighting a battle are in a sense determined by the level of training for cadres. Modern warfare imposes even higher demands on cadres. We must train large groups of Red and expert cadres who have a good knowledge of modern science and technology and are capable of commanding joint operations in a modern war. The military academies and schools shoulder a heavy responsibility in this connection. They must be run well. Military academies and schools of all kinds and at all levels should train outstanding commanders who have a good grasp of the art of commanding a modern war as well as experts who are versed in different types of work. Meanwhile, in-service training for troops and cadres

should be strengthened. We must adhere to the principle that training should be hard, strict and geared to the needs of actual combat. We must seriously change all training plans, programs, teaching materials and methods which do not meet the requirements of actual combat. We must resolutely overcome the ideas of sticking to convention and following the beaten path and combat formalism, the cups and medals mania and other unhealthy tendencies in the course of education and training.

The modernization of national defense requires a staunch and capable leading group and a contingent of cadres who are full of vigor and vitality. An urgent task at present is to do a good job of readjusting the leading groups at all levels in the army and selecting competent successors. Leading cadres at all levels in the army should uphold Marxism-Leninism-Mao Zedong Thought, firmly support the ideological and political lines set forth by the third plenary session of the 11th CCP Central Committee, and uphold the party spirit and not the factional spirit. The "Regulations Concerning the Enlistment of Cadres of the Chinese PLA" which were promulgated must be enforced resolutely, systematically, in a planned way and step by step and geared to the needs of army building. Every cadre must display his revolutionary spirit, work hard for the prosperity of the country, have a good grasp of his work and improve his art of military command. He must live frugally, work hard, make himself an example, maintain ties with the masses and combat the practice of seeking privileges. Our army's senior cadres are the backbone of running our army well and the leaders in modernizing our army. They shoulder the heavy task of building the army units, training the troops and commanding operations involving large units. Therefore, they should impose even sterner demands on themselves. Leading cadres at all levels, especially the veteran comrades, should do a good job of passing on experience, giving help and setting an example in military training. They should apply the precious experiences which our army has summed up in the long course of war and display the fine styles of firmly carrying out orders, fighting doggedly, fearing no sacrifice, fighting battles successively and enduring great hardships. They should pass on these experiences and styles and carry them forward continuously.

Political work is our army's life blood. Under the new historical conditions, our army must strengthen and not weaken its political work. Political work must be brought into full play and geared to the needs of modernizing our army. Currently and in the future, the principal task of our army's political work is to unify the thinking of the rank and file on the basis of the guidelines of the third plenary session of the 11th CCP Central Committee and the second session of the Fifth NPC. Comrades of the whole army, especially leading cadres at all levels, must firmly implement the line, principles and policies set forth at the third plenary session of the 11th CCP Central Committee and completely wipe out the pernicious influence of the ultraleftist line advocated by Lin Biao and the "gang of four." Just as political work was carried out in the past years of war to insure the accomplishment of combat tasks, it

must now be carried out in all aspects of army building and geared to the new conditions of modernizing our army. The style and method of carrying out political work should be improved so that the army and the people are united, the army and the government are united and the officers and men are united. Political work must be carried out more realistically, vividly, vigorously and effectively. Efforts must be made to arouse the enthusiasm and initiative of the commanders and fighters of the whole army in studying ways to modernize national defense. They should be helped to cultivate patriotism, a high degree of revolutionary heroism and increase their sense of organization and discipline. They should unite, work with concerted efforts, make strenuous efforts to do their work even better and raise the level of revolutionization and modernization of the army units. In this way, the Chinese PLA, a great army of the people, will become more invincible.

III

The Chinese people love peace. We eagerly hope that there will be long-term peace in the world. However, this is not determined by our wishes. The current international situation has become more turbulent and tense. The factors leading to war are growing. The contention for world domination between the two superpowers has become more violent. As a result of the continuous growth of its military strength, social imperialism is cherishing ever wilder ambitions of aggression and is carrying out aggressive and subversive activities more and more recklessly. It also instigates its lackeys Cuba and Vietnam--which it manipulates--to become its agents in carrying out infiltration and subversion and even launching wars of aggression in many areas. Social imperialism has caused serious unrest among all people. It is quite sensible that people regard social imperialism as the main source of war. When we pointed out the danger of war and called upon people to heighten their vigilance a few years ago, not many people agreed with us and some even viciously disparaged us as being afflicted with "war hysteria." Today, the situation has changed greatly. People are very concerned with and eagerly talk about the questions of whether a third world war will break out, when it will break out, who is provoking it, what course it will take and how it will end. This shows that people see the danger of war more clearly.

Our consistent policy is to firmly oppose wars of aggression and defend world peace. However, peace cannot be gained by begging and war has to be coped with by the people's struggle. We emphasize the danger of war to arouse people's vigilance and to unite with all peace-loving countries and people of the world to struggle realistically, against hegemonism. We will upset the hegemonic plan in any place where it expands. In this way we can delay the outbreak of war. We believe that it is possible to delay the outbreak of war provided the people of the world firmly and vigorously wage a struggle. However, we should not base our plans on war being delayed or not breaking out. Instead, we should be prepared for the outbreak of war and be prepared early to fight both a large-scale

war and a nuclear war. While concentrating our efforts on carrying out socialist modernization, we should not relax our vigilance against war even slightly. We should modernize our national defense while being constantly prepared for war and be constantly prepared for war while modernizing our national defense.

When Comrade Mao Zedong was alive, he formulated for us the policy of "dig tunnels deep, store grain everywhere and never seek hegemony." We must carry out this policy firmly and unswervingly. Our strategic policy is active defense. We never want an inch of land which belongs to other people. We absolutely do not allow other people to encroach upon an inch of land which belongs to us. We adhere to the principle of "We will not attack unless we are attacked! If we are attacked, we will certainly counterattack." Should social imperialism defy universal condemnation and launch a war of aggression against us, we are sure that the enemy will be defeated and the Chinese people will certainly win.

Looking back on the past and looking forward into the future, we are full of confidence. The Chinese PLA rendered meritorious services during the years of war and for founding new China, and has made great achievements in its struggle to defend and build the motherland during the past three decades. It enjoys the support and love of the whole nation. Today, while advancing along the road of the historic new Long March, we must, under the party's leadership, carry forward the honorable revolutionary traditions, be humble and prudent, guard against arrogance and rashness and unite as one to make fresh and even greater contributions toward modernizing our national defense as early as possible and defending the socialist modernization of the motherland.

CSO: 4004

START FROM REALITY TO FIND OUR OWN WAY OF ECONOMIC CONSTRUCTION

Beijing RED FLAG in Chinese No 10, 2 Oct 79 pp 34-39

[Article by Xu Jiatun [6079 1367 1470]]

[Text] At present the people of the whole country are advancing bravely toward the grand goal of realizing the four modernizations. The party Central Committee has called on us to follow a road suited to the conditions in China in promoting socialist modernization. To reach the strategic goal of realizing the four modernizations, a province should proceed from reality in making economic plans so as to smoothly and promptly promote the four modernizations. This is an extremely important point in local economic construction.

Under the leadership of the CCP, the Chinese people have gone through a glorious but arduous course and won great victories for the socialist cause during the three decades since the founding of new China. Like other fraternal provinces, Jiangsu has also made considerable headway in socialist economic construction. Between 1949 and 1978 the total output value of industry and agriculture in the province increased 10.7 times, from 4.3 billion yuan to 46.4 billion yuan, an average increase of 8.5 percent a year. The 3 years of recovery after the founding of the People's Republic, the 3 years of readjustment in the 1960's and the years since the 1970's, particularly since the smashing of the "gang of four," are the three periods which have witnessed the highest rate of development. The average annual growth rate registered in these periods was 13.8 percent, 17.4 percent and 12.3 percent, respectively. After 30 years of hard work, Jiangsu can now basically insure that the people of the whole province have a relatively ample supply of food and clothing from their own agricultural products. It has also developed a fairly complete range of industries of a sizable scale. Although the level of development is not high, it has nevertheless laid a fairly solid material foundation for the march toward the four modernizations. Were it not for the interference and sabotage of Lin Biao and the "gang of four" and a certain delay in our work, Jiangsu would have made faster and better progress in its economic construction. This explains one point: to achieve success in economic construction, we must have a political

situation in which there is both stability and unity. At the same time, we must also proceed from reality, adopt correct policies for economic work and give reasonable guidance. Here, I would like to bring out for discussion several problems which I have come across in the long years of practice in economic construction in Jiangsu.

I

To achieve success in economic construction, we must first achieve success in agricultural production. Agriculture is the foundation which will determine the scale and speed in promoting local economic development. We should proceed in the order of agriculture, light industry and heavy industry in building a rational economic structure. Therefore, the decisive factor is agriculture.

The two curves of industrial and agricultural development in Jiangsu since the founding of the People's Republic basically coincide. One of the main reasons for the economic setback which took place between the late 1950's and the early 1960's was the unduly swift advance of industry, particularly heavy industry, and the excessively rapid growth of the nonagricultural population. The agricultural foundation could not cope with this change. To make things worse, the "five unhealthy tendencies" further caused a drastic drop in production. As a result, industry was forced to dismount; the output value of heavy industry was reduced by two-thirds and that of light industry by half. In 1956 Comrade Mao Zedong asked whether our desire to develop heavy industry was "genuine or feigned." He said that if we genuinely wanted to develop heavy industry we should attach importance to agriculture and light industry. Through this setback, we keenly felt the great importance of developing agriculture. During the 3 years of readjustment in the 1960's we exerted great efforts to rapidly restore and develop agriculture. The value of agricultural output increased by an average of 15.4 percent a year. In the same period the value of industrial output also increased by an average of 19.2 percent a year. Things changed after 1966. Agricultural production dropped for 3 years running, and industrial production went down for 4 years in succession. Since we entered the 1970's, and particularly since the smashing of the "gang of four," agricultural output has been climbing steadily, with the exception of 1 or 2 years. Last year total grain output reached 45.6 billion jin, representing an average increase of 5.1 percent a year. Total cotton output reached 9.48 million dan, an average increase of 3.5 percent a year. During this period industrial production also rose steadily, with the value of industrial output increasing an average of 12.6 percent a year. Last year the population of the whole province registered an increase of 15 million compared with the 3 years of difficulties during the 1960's. The nonagricultural population alone was up by 0.84 million. The scale of industry was much greater than it used to be and was still growing. People in the urban and rural areas were able to lead a fairly stable life. Why? The main reason is that, as a result of relatively rapid development of agriculture

in recent years, people in the urban and rural areas not only had enough to eat but also had a considerably large quantity of agricultural and subsidiary products to spare. The province and the communes and brigades were retaining several billion jin of reserve grain. As Comrade Mao Zedong said: In a certain sense, agriculture means industry. It is obvious that the sustained growth of industrial production ultimately depends on whether the products furnished by agriculture can satisfy the needs of expanded social reproduction.

To increase agricultural production we must respect the law which says that the relations of production must correspond with the nature and level of productivity and preserve the relative stability of the management structure of the people's communes and the rural economic policies. Since we are developing socialist agriculture from a relatively low level of productivity, we need a considerably long period of time to improve and consolidate the established socialist relations of production. If we go beyond the actual level of productivity and change the relations of production as we please, we are bound to dampen the enthusiasm of the peasants and undermine the agricultural productive forces. It was due to the evil consequence of going against this law that Jiangsu has experienced two drops in agricultural production since the founding of the People's Republic. Similarly, it was due mainly to the relatively conscious efforts made by the people of Jiangsu to act in accordance with this law that agricultural production picked up on three occasions. The sustained growth of agricultural production since the 1970's is particularly illustrative. In 1970, with the deep insight of a great proletarian revolutionary, Comrade Zhou Enlai personally presided over the convocation of the agricultural conference for the northern region. Upholding the basic principle of Marxism-Leninism-Mao Zedong Thought and the party's correct line for developing agriculture, he criticized the ultraleftist trends of thought and the idea of "transition through poverty," which was divorced from the actual level of productive forces, emphasized the need to learn from Dazhai's basic experiences, underlined the importance of the principle of "to each according to his need" and of developing agriculture, and waged a tit-for-tat struggle against the ultraleftist line of Lin Biao and the "gang of four." This conference gave a great impetus to the cadres and masses in the vast rural areas. The struggle between the two lines grew extremely complicated in the years that followed. Under these historical circumstances, the overwhelming majority of localities in the province still basically adhered to the party's economic policies for the rural areas, maintained the system of three-level ownership by the commune, production brigade and the production team, with the production team as the basic accounting unit, and upheld the principle of taking agriculture as the foundation. This was an important reason why Jiangsu's agricultural production could recover so quickly from the turmoil in the first days of the Cultural Revolution and develop.

Since the downfall of the "gang of four," and especially since the convocation of the third plenum of the 11th CCP Central Committee, we have implemented the two documents on agriculture issued by the central authorities. We have stressed the need to maintain stability in politics, policy, system, cadres and the labor force. This has further whipped up the enthusiasm of the cadres and masses and enabled Jiangsu Province to enter a new stage in agricultural development.

To increase agricultural production we must take effective measures to develop the agricultural productive forces. Jiangsu has a large population but limited arable land, averaging about 1.2 mu per person. In terms of geographical position, it lies between the subtropical and the temperate zones and is located on the lower reaches of big rivers like the Yangzijiang, Huaihe, Yihe and Shuhe, where natural disasters are frequent. Production is very uneven between northern and southern Jiangsu, and there is a big difference in production levels between the Taihu and Huaibei regions. In view of these characteristics, Jiangsu must carry out intensive cultivation, strive to enhance its ability to resist natural calamities, raise the per-unit yield, increase the land utilization rate and improve land productivity in developing agricultural production so as to gradually achieve stable and high yields. During the past years we have done a lot of work in implementing this guiding principle. Our main concern has been to grasp work in seven fields, that is, water conservancy and farmland capital construction, seed cultivation, manure collection, industries relating to agricultural production, farm mechanization, and training of agroscientific and managerial personnel. In addition, we have grasped the reform of the cultivation system, gradually developed the triple-cropping system and changed waterlogged fields into dry land and dry land into paddy fields according to the principle of planting crops as local circumstances dictate, and adopted a number of technical policies, such as "integrating land conservation with land utilization, with the former as the main feature," "integrating natural manure with chemical fertilizers, with the former as the main feature" and "exerting great efforts to raise unit yields, striving to increase total output, taking such measures as are suitable to local conditions and carrying out rational distribution." We have attended to the high-yielding as well as the low-yielding areas, kept watch over the most advanced and the most backward to bring along the majority in the middle category, and enabled the high-yielding areas to reap still higher yields and the low-yielding areas to reap high yields. We have attended to the rational distribution of local revenue and spent a large portion of local financial resources on agriculture. We have also grasped agricultural zoning, set up all kinds of model fields and adopted the method of giving guidance according to classification. It is because we have adopted these realistic and practical measures and persistently carried them out under the guidance of the correct principles and policies of the party Central Committee and the State Council that our agricultural production can steadily develop at a relatively fast pace.

To increase agricultural production, the important thing is to continuously build up our ability to expand reproduction in agriculture. Where should we get the necessary funds? One way is to rely on the creative labor of the peasants. We should arouse the enthusiasm of the peasants by means of policy, maintain and carry forward the spirit of self-reliance and hard struggle, make good use of the labor force and try our best to increase capital reserves from labor. Jiangsu has invested a total of approximately 15 billion yuan in farmland capital construction in the past three decades, of which 3.6 billion yuan were allotted by the state, 3.8 billion yuan were raised by the communes and brigades themselves and the remaining 7 billion yuan and more came from the peasants' capital reserve from labor. We can say that Jiangsu owes its present high and stable yields in agricultural production to the hard work of the peasants of the whole province. Another way is to strengthen the economy of the communes and brigades. We should reform the rural economic structure, comprehensively develop agriculture, sideline production and industry so that the communes and brigades can lead a better life, and use collective accumulation to speed up farmland capital construction and the technical transformation of agriculture. This is the road opened up by Wuxi County through years of practice. Comrade Hua Guofeng fully affirmed this experience, saying that it blazed the trail for speeding up agricultural mechanization and modernization and for rapidly developing agricultural production. This experience has been popularized throughout the province during the past 2 years. Last year the output value of the commune- and brigade-run industries in the province amounted to 6.3 billion yuan. Nearly 200 million yuan in profits made by these industries was spent on farmland capital construction and agricultural mechanization, a sum which exceeded the total state investment in agricultural, forestry and water conservancy capital construction in the entire province. In the years to come we will still have to depend a great deal on the enthusiasm of the peasants if we want to speed up the development of agriculture. In the long run we cannot expand capital reserves from labor without limit. We still need state support. However, in a country as big as ours it is impossible for the state not to limit its appropriations of funds for agriculture within a given period of time. There cannot be a more positive method than to comprehensively develop agriculture, sideline production, industry and commerce so as to give the communes and brigades greater economic strength. Viewed from the strategic goal of achieving the four modernizations, this is also highly necessary. As a corollary to the development of agricultural mechanization and agricultural modernization, there will be more and more surplus labor in the rural areas. Therefore, we must develop agriculture in depth and breadth in order to absorb this surplus labor force. When we can satisfy the peasants, who account for 85 percent of the total population of the province, and reduce the gap between living conditions in urban and rural areas, we will be able to effectively insure stability and unity and concentrate our strength on speeding up the pace of economic construction.

Here it must be pointed out that Jiangsu has made rapid progress in agricultural production only in a relative sense. In reality, problems of unstable and low yields and incomprehensive and unbalanced development still exists. Although we have strengthened our ability to resist natural disasters, we still cannot keep agricultural production stable when we are hit by particularly serious calamities. Although we have developed agricultural production, the level of our agricultural production, collective accumulation, management and science and technology is still quite low. Although we have increased the production of grain, cotton and oil-bearing crops and raised more pigs at the expense of other economic crops, we are still weak in forestry and aquatic production. Although we have improved the livelihood of the peasants, approximately 10 percent of the poorer teams, particularly a large number of communes and brigades in Xuzhou and Huaiyin prefectures, still have difficulties in livelihood. These conditions tell us that Jiangsu has not yet completely solved its agricultural problems and still has to make unremitting efforts.

II

To achieve success in economic construction we must actively develop industry. Only when we have developed industry can we more effectively promote agricultural production and lead the economic development of the entire area.

Before liberation Jiangsu had already laid the groundwork for its light and textile industries and had developed a few other industries for the production of coal, machinery, chemicals and so on; these were found mainly in a small number of cities between Shanghai and Ningbo and along the Yangzijiang. After 30 years of hard work, Jiangsu's industries have developed from nothing and have grown in size and strength. There is now a relatively complete range of industries, including iron and steel, automobiles, shipbuilding, electronics, instruments and meters, machinery, building materials, power, fuel, chemical engineering, farm machinery, textiles and food processing. Last year the industrial output value amounted to more than 33.9 billion yuan, which was 26 times that scored just after the founding of the People's Republic. Tremendous changes have taken place in the economic structure of the whole province. The ratio between industrial and agricultural output value has been reversed in recent years from the original 30 to 70 in the early days of the republic to the present 70 to 30 or more. Industry now absolutely predominates in the whole national economy. The ratio between light and heavy industrial output value has also changed from the original 94 to 6 in the early days of the republic to the present 50-50. With the operation of industries in northern Jiangsu and the vast countryside, changes have also taken place in industrial distribution. Take the textile industry, for example. In the early days of the republic over 90 percent of the total number of spindles were concentrated in Wuxi, Changzhou, Suzhou, Nantong and a few other cities. In northern Jiangsu, which produced 90 percent of the

province's cotton, the number of spindles accounted for less than 10 percent of the total. Today the number of spindles in northern and southern Jiangsu is basically equal. The abnormal state of affairs left over by old China, in which industries were concentrated in southern Jiangsu and in a small number of cities, has now been changed.

Looking back, we can see that Jiangsu's industrial development has progressed mainly under the guidance of the general line of going all out, aiming high and achieving greater, faster, better and more economic results in building socialism laid down by the party Central Committee and Comrade Mao Zedong and the guidance of the policy of walking on two legs put forward by Comrade Mao Zedong in his article "On the Ten Major Relationships."

Our province has a good foundation for light and textile industries and a relatively high level of technique for processing work. However, Jiangsu lacks mineral resources. Through practice in past years we have realized the following guiding principle in developing industry: We should make full use of our foundation to vigorously develop light, textile and processing industries. In the meantime we should actively develop industry related to agricultural production and the power and fuel industry. We should also develop the metallurgical industry as the situation permits. We should make use of our advantages, keep clear of our disadvantages and give full play to our economic superiority. Between 1949 and 1978 the proportions of investment in capital construction in industry were roughly as follows: The industrial machinery, power and coal industries each accounted for 13 percent, and the metallurgical industry accounted for 11.5 percent. These proportions of investment, though not necessarily appropriate, reflected the characteristics of industrial development in Jiangsu. First of all, Jiangsu had given play to the role of industry as the leading factor and promoted the development of agriculture. Moreover, the fact that approximately 75 percent of the raw materials needed by the light and textile industries came from agriculture had in turn promoted the development of industry. Second, since the raw materials industry was handicapped by limitations, greater efforts were made to develop the light and textile, machinery and other processing industries. These branches constituted the mainstay of industry. Last year their output value accounted for 62 percent of the total industrial output value of the whole province. Third, Jiangsu had laid a fairly solid foundation for its power and coal industries. Fourth, Jiangsu had changed the state of "having not a thing" which prevailed during the early days of the republic and had partially mitigated the problem of inadequate supplies of raw and other materials. Judging by the historical conditions at that time, this policy basically tallied with the actual situation in Jiangsu and played an important part in speeding up industrial development.

In all these years we have adopted a number of fairly flexible measures for our industrial structure in accordance with the spirit of the general

line of building socialism and the idea of walking on two legs. To begin with, we attached importance to the role of collectively owned enterprises. At first there were only handicraft cooperatives. Collectively owned enterprises only came into being around 1958. Later there were several years of stagnation. After 1970 more and more collectively owned enterprises were established and new developments were made. By 1978 there were altogether more than 22,500 such enterprises, and their output value accounted for 37.9 percent of the total industrial output value of the whole province. About 36 percent of the total number of staff and workers in this province worked in these enterprises. Collectively owned enterprises have made great contributions to speeding up industrial development, building up national wealth and multiplying job opportunities. They can develop rapidly and demonstrate increasingly exuberant vitality, fundamentally because they are suited to the present level of productive forces and can more fully arouse the enthusiasm of the staff and workers. Since they have a smaller "framework," they can make do with whatever is available, get more done on less money and yield quick results. Since they have great flexibility, they can organize production according to market needs and achieve better coordination between production and marketing. They are not bound by too many rules and regulations and have greater decisionmaking power. The successful or unsuccessful running of these enterprises directly concerns the interests of the staff and workers. With this internal motive, people simply have to do well in production. Moreover, the development of collectively owned enterprises has also egged on the work of improving enterprises owned by the whole people. In recent years, Suzhou, Wuxi, Changzhou and Nantong have transformed their old textile enterprises, developed a more complete range of varieties and categories and improved the quality of their products. In this connection, an important aspect of their experience has been to adopt the method of casting off the old shell and "laying eggs," that is, selling the old products and equipment to the collectively owned enterprises and installing new equipment in the space thus vacated. In this way, both enterprises owned by the whole people and collectively owned enterprises are developed. As proven by practice, at the present stage it is still necessary for the two socialist public ownership systems, that is, ownership by the whole people and ownership by the collective, to coexist, develop simultaneously and reinforce and promote each other. In a certain sense, collectively owned enterprises are unique in that they play an important part in speeding up economic development and are indispensable to a unified socialist economic structure.

Meanwhile, we must also adhere to the policy of walking on two legs by simultaneously developing big, medium and small enterprises. We must make positive efforts to establish modern key enterprises and at the same time pay close attention to developing medium and small ones. In all these years Jiangsu benefited a great deal from this policy in its industrial and agricultural production. This policy helps multiply social products and solve numerous pressing problems in production. Last year 89.5 percent of the industrial output value of the province

was attained by the medium and small enterprises. The "five small industrial enterprises" have given particularly great support to agriculture. Last year three-quarters of the chemical fertilizers, four-fifths of the plastic sheets and all farm chemicals were produced by this kind of small enterprise. Most important of all, many medium and small enterprises have been working in cooperation with big ones to serialize production. In this way, new productive forces are created. The experience of Changzhou municipality in extensively organizing "chainlike coordination" can illustrate this point most clearly. Several years ago the people of Changzhou concentrated their efforts on producing eight key products. Taking the bigger state-operated factories as "heads," they broke down the barriers between different ownership systems, between cities and rural areas and between trades and professions and organized 92 small factories into eight "production chains." This greatly increased the productive capacity of the province. For example, the "chain" for the production of tractors was made up of 23 small factories, with the Changzhou tractor plant at the head. An important reason why this plant could increase its production of tractors by more than seven times in 10 years is that it had an abundant supply of spare parts from the small plants. The socialist economy needs a number of modern or comparatively modern big enterprises to serve as its backbone, but these enterprises require large investments, long building cycles and high technical standards. In our efforts to speed up industrial development we must at the same time draw support from the medium and small enterprises. In fact, the more modernized and specialized the big enterprises become, the more they need medium and small enterprises to work in coordination with them. The simultaneous development of big, medium and small enterprises is not a matter of subjective wish; it is the objective need of socialized mass production, as well as the law of development of productive forces.

Jiangsu has made relatively rapid progress in industrial development in recent years. The introduction of the policy of "proportionate sharing of the revenue," with the backing of the party Central Committee and the State Council, has further aroused the enthusiasm of the enterprises at all levels. However, there are quite a few problems. The present economic management structure still fetters the local authorities and enterprises in many ways, and this calls for reform under the leadership of the party Central Committee and the State Council. The disproportion between the "flesh" and the "bone," the overextension of the capital construction front, and particularly the fact that the potentialities of the light and textile industries have not been fully brought into play all call for readjustments. Our economic management level is not high, and many of our enterprises are still turning out products characterized by old varieties, poor quality and high cost which consume a lot of raw materials but lack competitive power. These factors call for consolidation and improvement. In particular, we must continue to develop and improve collectively owned enterprises and raise the standards of medium and small enterprises in the direction of "small but specialized," "small but refined" and "small but integrated." In implementing the policy of

"readjusting, restructuring, consolidating and improving" the national economy, the most essential thing is to further bring into play the economic characteristics of Jiangsu, take readjustment as the central task and make our economy function more rationally and effectively. With our limited resources it is very difficult for us to achieve complete coordination between the raw materials industry and other industries. In the future we must stress developing light, textile and processing industries and promote the production of "high-grade, precision, advanced and light industrial products" which consume fewer raw materials but are of high quality and great value and have strong competitive power. We must also increase the production of chemical fertilizers and highly effective low-toxic insecticides to better meet the needs of agriculture. In particular, we should take full advantage of favorable international conditions, our coastal location and our foundation in the processing industry and vigorously develop foreign trade and tourism in order to gain foreign exchange and absorb advanced technology from abroad. In this way we can find a solution for the funds needed to promote the four modernizations, promote technical transformation of industrial and agricultural production and raise the managerial level of the entire economy. Only by so doing can Jiangsu--a province with a large population and relatively few natural resources--speed up the pace of our modernizations in the future.

III

Ours is a unified socialist economy. Under the socialist system, economic construction must be conducted in a planned way. The problem facing us is that we must avoid the absence of government control as in a capitalist economy and at the same time activate the economy. Therefore, under the guidance of the state plan we must correctly employ the role of the market mechanism and actively develop regulation by the market.

For a long time we have been carrying out economic planning to coordinate the interests of the state, the localities and the grassroots units, including the interests of different localities, departments and levels. By organizing the forces of all sectors in a unified way we have insured the implementation of the national economic plan, the construction of key projects and the basic livelihood needs of the people. This is the leading aspect. In the future we must continue to adhere to the road of a socialist planned economy. However, our state plans cannot cover everything. The first problem facing us is that raw materials appropriated by the state cannot satisfy the requirements of our production plans. Jiangsu is a province with a fairly well developed processing industry but limited mineral resources. However hard it tries, it cannot achieve complete self-sufficiency in raw materials. This is a big problem. This problem was further aggravated by the interference and sabotage of Lin Biao and the "gang of four" and by some of our own shortcomings in planning. To fulfill the national economic plans we must organize proper economic cooperation outside the state plan. Last year all anthracite, more than

50 percent of the steel products and one-fifth of the timber consumed in Jiangsu were obtained through various forms of cooperation. If we had not organized economic cooperation with other fraternal provinces and municipalities, we would not have been able to meet actual production needs, not even to fulfill the production plans assigned to us by the state. Actually, even if we had a more abundant supply of raw materials, it is impossible for the state to accurately work out the exact amount of different kinds of raw materials needed by each enterprise and to insure their supplies. We still have to make appropriate adjustments in specifications, varieties and quantity through economic cooperation. With regard to the means of production, we should carry out exchange at equal values and help supply each other's needs, provided that we do not impair the all-round arrangements for the whole nation. This policy, which reflects the normal need to regulate socialist commodity production and circulation, can make up for the deficiencies of the state plans. Related to this is the problem of the survival and development of collectively owned enterprises and medium and small enterprises. These enterprises want to survive and develop. The problem is, most of these units are not included in the state plans and do not have the necessary links between production, supply and marketing. To solve this problem we must do our best to incorporate the production, supply and marketing plans of these enterprises in the local plans. On the other hand, we must allow these enterprises to produce and market their own products, process materials provided by customers or engage in other forms of cooperation, with the prerequisite that they adhere to the socialist orientation. Only in this way can enterprises which are not included in the state plans survive and develop. Actually, these enterprises are not the only ones that produce and market their own products and engage in cooperation outside the state plan. According to a recent investigation of 301 factories in Wuxi, 124 are producing and marketing their own products to various extents. These units include collectively owned enterprises, enterprises owned by the whole people, medium and small enterprises, enterprises of considerable scale and even a number of enterprises under ministerial and provincial jurisdiction. Why is it that so many units are producing and marketing their own products? The main reason is that the state plans still leave big gaps in the supply of materials. To fulfill the state plan some enterprises cannot but exchange part of their products for raw materials. Some enterprises have accepted large numbers of processing orders outside the state plan, because their productive capacity greatly exceeds their assigned tasks and other fraternal places and units are in need. In an effort to turn their units into profitable ones, some enterprises which have been running at a loss are trying to market part of their products themselves after fulfilling the state purchasing task, because there is a huge difference between industrial and commercial profits. Some enterprises have to sell part of their products to other provinces and localities, because the commercial departments cannot buy everything they produce. Many small commodities must be marketed by the enterprises themselves, because these items are not included in planned marketing.

To serve the masses, many handicraft workshops have resumed the traditional business practice of "setting up workshops at the back of the stores" to boost their own production and sales. These practices of producing and marketing one's own products and engaging in cooperation outside the state plan have remedied the defects of being unable to include everything which actually exists in our unified and mandatory state plans and have played an important part in insuring the fulfillment of state plans, increasing commodity production and enlivening the market. As proven by practice, the principle of integrating regulation by planning with regulation by the market put forward by the party Central Committee and the State Council is correct. The implementation of this principle involves the question of how to correctly apply the law of value and the law governing the planned, proportionate and high-speed development of the socialist economy. It also involves numerous problems which exist in our economic management structure. We must make improvements and work out specific plans so that this principle can play a more successful role in the readjustment of the national economy and the four modernizations.

Jiangsu has encountered a lot more problems in its economic construction than just these in the course of three decades. The foregoing is just a discussion of several problems of principle within a given historical period. Now that the focus of the party's work has been shifted to socialist modernization and fundamental changes are taking place in many fields, we must adhere to the important principle of considering practice as the sole criterion for testing truth, conscientiously study our own experiences in construction work, borrow beneficial experiences from abroad, study the new situation and solve new problems.

We are firmly confident that under the leadership of the party Central Committee headed by Comrade Hua Guofeng, so long as we resolutely implement the policy formulated at the third plenum of the 11th CCP Central Committee on emancipating the mind, "starting up the machinery," seeking truth from facts and uniting and looking forward, follow the correct ideological line, respect the objective law and embark on readjustment work on a solid basis, economic construction work in Jiangsu can certainly be developed at a stable and relatively fast pace and we can certainly make due contributions to realization of the grand goal of the four modernizations.

CSO: 4004

THIRTY YEARS OF HARDSHIP IN BUILDING OUR COUNTRY

Beijing RED FLAG in Chinese No 10, 2 Oct 79 pp 40-49

[Article by Xue Muqiao [5641 2550 2890]]

[Text] Thirty years have elapsed since the founding of the People's Republic of China. In these 30 years we have scored an unprecedented great victory in carrying out socialist revolution and socialist construction in a poor, backward and populous country. Our undertaking has not been smooth sailing all the way, and we have been through several stormy seas. We have acquired many successful experiences as well as quite a few lessons of defeat on the road of our advance. Now we are embarking on a new Long March toward realizing the four modernizations. We must build China into a great and powerful socialist country within the next 20 years and more. To achieve this magnificent goal, conscientiously sum up the historical experiences of socialist revolution and construction of the past 30 years and explore the objective law governing socialist economic development are of great theoretical and practical significance.

I. Successfully Complete the Socialist Transformation of the System of Ownership of the Means of Production

The founding of the People's Republic of China was the hallmark of the basic completion of the phase of the new democratic revolution and the beginning of the phase of socialist revolution. In the first 3 years of the founding of new China we still had to carry out agrarian reform in the newly liberated areas and complete the outstanding tasks of the democratic revolution. At the same time we had to treat the war wounds of more than 10 years and enable the national economy of our country to quickly recover and surpass the highest historical level. During this period we still had to resist U.S. aggression and aid Korea and protect peaceful construction within the country. By the end of 1952 the work of agrarian reform and economic recovery had been successfully completed, and a great victory had also been won in the war to resist U.S. aggression and aid Korea. In 1953, at the proposal of Comrade Mao Zedong, the CCP Central Committee announced the general line of the transitional

period and called for basically bringing about the socialist industrialization of the state and the socialist transformation of agriculture, the handicraft industry and capitalist industry and commerce over a long period.

The socialist transformation of capitalist industry and commerce was an intense struggle between the proletariat and the bourgeoisie and between socialism and capitalism. This struggle began on the eve of the founding of new China. When such major cities as Shanghai became liberated one after another in the summer of 1949, the gold dollar notes of the Kuomintang regime became valueless pieces of paper with the collapse of the government, and our renminbiao monopolized the market. However, speculative capital which had developed in the 10 years of inflation under the Kuomintang was still rampant. Speculators used high interest rates to attract idle capital on the market, bought up materials, hoarded goods and raised prices. Industrialists and businessmen in general also went in for speculation and hoarding to make huge profits from the soaring prices. To restore production and provide a stable life for the people, the People's Government was determined to do everything possible to stabilize prices. This was in fact a struggle for market leadership between the socialist economy and the capitalist economy. In early 1950 the People's Government began its unified control of finances and of the economy throughout the country, tightened the flow of money in the market and concentrated vital materials (mainly grain) in the hands of the state sector of the economy for a decisive engagement with the speculative capital centered in Shanghai. After the Spring Festival we put an unlimited supply of grain and other important commodities on the market, and in just 3 days the speculative capitalists lost all their capital. From buying they were forced to dumping. The stability of prices dealt a devastating blow to the speculative capitalists. Many industrialists and businessmen were unable to sell their hoarded goods and were forced to seek help from the state because of the shortage of working capital.

After prices were stabilized, the people all wanted money, and the demand for money in circulation increased greatly. Based on the market need for money, the People's Government greatly increased the purchase from the peasants of such important agricultural produce as grain and cotton. With the money the peasants were able to buy the means of production and the means of livelihood and to speed up the recovery and development of agricultural production. The People's Government also purchased the stocks of industrial and commercial capitalists and helped them overcome shortages of working capital and avert a halt or decline in production. At that time such important raw materials as cotton and wheat required by the industrial capitalists were already mostly in the hands of the state, and the state placed the orders for processing with privately owned factories. The capitalists used the raw materials supplied by the state to turn out finished products for the state and were paid a processing fee according to a contract. The processing orders enabled the capitalists not only to avoid the problems of supply of raw materials and sale of

products, but also to obtain a reasonable profit from the processing, which they were glad to accept. By placing processing orders and purchasing stocks, the state not only controlled an enormous amount of industrial goods, but also enabled the private factories to carry out production based on the requirements of the state. From then on the socialist state economy established its solid leadership over private industry and commerce, and socialism scored an important victory in the struggle between the socialist road and the capitalist road.

China was a country which was dominated by a small-scale peasant economy. Another important problem facing the state was how to organize and lead a small-scale peasant economy. It was mainly by relying on the peasants that the Chinese proletariat were able to fight for 20 years in the countryside and win revolutionary victory. Our party not only has the experience of politically uniting with the peasants, but also has the rich experience of economically leading a small-scale peasant economy. Lenin held that small producers were widely scattered and difficult to manage. It was not until he had traveled a tortuous road after the October Revolution that he discovered the New Economic Policy. During the period of the war of liberation our party had already set up supply and marketing cooperatives in the countryside to purchase farm produce from the peasants and supply them with the industrial goods they needed. From then on our party had rallied the peasants around them and greatly weakened the ties between the bourgeoisie and the peasants. After the founding of new China we also universally set up supply and marketing cooperatives in the newly liberated countryside and developed an inter-flow of commodities between the urban and rural areas so that industrial and agricultural production could be quickly restored and developed. The problem Lenin considered very difficult to solve had been solved smoothly by our country at the very onset. In China, whether the leadership of the small-scale peasant economy rested in the hands of the proletariat or the bourgeoisie determined the leadership of the whole national economy. By uniting the peasants with supply and marketing cooperatives, we greatly weakened the ties between the bourgeoisie and the peasants and isolated the bourgeoisie. This was an important condition for the triumph of socialism over capitalism.

Although the Chinese proletariat controlled the machinery of power of the state, the victory of our struggle with the bourgeoisie was won mainly not by relying on administrative power but by taking advantage of economic measures and objective economic laws. In our struggle to stabilize prices we did not rely on controlling the market or controlling prices but on taking advantage of the law of money supply (if money supply exceeds market needs, prices of commodities will rise, and vice versa) and defeating speculative capital in fair trade. We did not rely on administrative orders to place processing orders with private factories, but we took advantage of the superiority of the socialist economy and the law of surplus value to safeguard the proper profits of the capitalists. As a result, they willingly accepted the processing orders

of the state. We paid higher prices for products urgently needed by the state. This enabled the production of private factories to basically conform to the requirements of the state. In leading small producers we mainly used the law of value or the price policy to safeguard their proper earnings, and we also adjusted the orientation for their production and development. Although the capitalist economy was still dominated by the law of surplus value, small producers were also dominated by the law of value. However, by means of processing orders and a price policy, the state actually played an increasingly dominant role over the capitalist economy and small producers. It could be said that the law of planned and proportionate development of the socialist economy was already playing a definite dominant role over them. Precisely because of this we were able to carry out planned control of the national economy with the First Five-Year Plan begun in 1953.

After the initiation of the First Five-Year Plan, because of the rapid development of the socialist state economy, the private capitalist economy found itself in a very unfavorable competitive position. The capitalists' machinery and equipment was old, management was outdated, the enthusiasm of the workers was low and the capitalists were unwilling to invest capital in technical innovations. The state began to provide investment for private industries urgently needed by society, carried out reconstruction and expansion and implemented joint state-private ownership. After the implementation of joint state-private ownership, production quickly developed and profits increased. Therefore, more and more private industries wanted joint state-private ownership. After 1954 the number of joint state-private ownership firms increased greatly, and state capitalism advanced from the lower stage (processing orders) to the high stage. With the large number of larger private enterprises changing to joint state-private ownership, the remaining smaller private enterprises with more backward machinery and equipment found it increasingly difficult to survive, and they also opted for joint state-private ownership. It was impossible to carry out reconstruction and expansion on so many enterprises, and many of them had to be merged or even eliminated. It became necessary to completely reorganize all the enterprises. The only method of solving this contradiction was to put into practice state-private ownership of the entire trade.

When the various enterprises separately carried out joint state-private ownership on their own, every enterprise had its own economic accounting. Those which made more profits distributed more bonuses, and those which made less had less to distribute. After joint state-private ownership of the entire trade, many enterprises had to be merged and reorganized, with the advanced leading the backward. The separate calculation of bonuses by various enterprises was no longer practicable. Following consultations with the capitalists, the state changed the system to fixed interest. The various enterprises broke down and worked out their assets, and a fixed interest of 5 percent a year was paid regardless of the profits.

Following the changeover to the fixed interest system, the capitalists no longer bothered with the amount of profits, and the state was able to boldly carry out mergers and reorganization. After the implementation of joint state-private ownership of the entire trade, the enterprises were actually managed by the state. The capitalists and their agents formerly in charge of the enterprises were assigned suitable work by the state and became employees of the enterprise; they were no different from other workers. Therefore, apart from the capitalists still receiving a bit of fixed interest, there was no longer any distinction between joint state-private ownership of the entire trade and state enterprises. In 1967 the state stopped paying fixed interest, and all joint state-private enterprises became completely socialist state enterprises. After the October Revolution Lenin had on two occasions discussed the socialist transformation of capitalist industry and commerce by means of state capitalism. However, this policy did not work out in the Soviet Union. Lenin's advocacy was for the first time successfully realized in our country.

The cooperative transformation of agriculture in China also basically began its development in 1953. In 1952 only 0.1 percent of the peasant households in the whole country joined cooperatives. However, there was a relatively big development in agricultural producers mutual aid teams. During the First Five-Year Plan, mutual aid teams continued to grow, and there was also a big development in agricultural cooperatives. By 1954, 2 percent of the peasant households in the whole country had joined agricultural producers cooperatives. In July 1955, after Comrade Mao Zedong made the report "On the Cooperative Transformation of Agriculture," there was an upsurge in the movement of cooperative transformation of agriculture. In that year 14.2 percent of the peasant households throughout the country joined cooperatives. At that time most of them were elementary cooperatives in which the peasant households retained their own land and bonuses. By the end of 1956 the number of peasant households joining cooperatives had increased sharply to 96.3 percent, of which 87.8 percent were higher cooperatives. From the above figures we can see that in the first few years the cooperative transformation of agriculture in China was rather slow, but there was a flying leap in the winter of 1955 and especially in 1956. At that time many of the cooperatives were merely just a name on a signboard. It was not until 1957 that unified production and unified distribution began. China's First Five-Year Plan originally called for 15 years to complete the cooperative transformation of agriculture. However, it took only 5 years to complete. In the course of cooperative transformation in China, agricultural production increased yearly, but the growth rate began to fall in 1957. If there had been time for readjustment and consolidation, the results would have been even better.

At that time a commune had several thousand households. At the very beginning many communes took the commune as a unified production and distribution unit and practiced "equalitarianism and indiscriminate

transfer of resources" among the advanced and backward production teams. To protect the fruits of their labor, many advanced production teams covered up their production and distributed it privately. Actually, this was distribution by using the production team as a unit. That winter and the following spring, Comrade Mao Zedong criticized the "communist wind" and pointed out that the people's commune should practice three-level ownership by the commune, the production brigade and the production team, with the production team as the basic accounting unit. This system (in addition to "free meals") was still not adaptable to the level of development of production in China. From 1959 to 1961 there was a marked fall in agricultural production, and the livelihood of the peasants was seriously affected. From 1961 to 1962 the "Draft Regulation on the Work of the People's Communes" (commonly called the "60 Articles") was drawn up under the personal leadership of Comrade Mao Zedong. It stipulated the three-level ownership by the commune, the production brigade and the production team, with the production team as the basic accounting unit. After 1962 agricultural production gradually recovered, and developments began to show in 1966. Facts show that the relations of production must conform to the level of development of productive forces, and those who violate this economic law will be punished.

The development of the cooperative transformation of the handicraft industry was also very rapid. In 1952 only about 3 percent of the total number of handicraft workers joined cooperatives. In 1954 the figure rose to 13.6 percent, in 1955 to 26.9 percent, and in 1956 it jumped to 91.7 percent. The development of cooperative transformation was faster in 1956 and 1957, and there were more mergers. In 1958 even more handicraft cooperatives were merged into cooperative factories. The handicraft industry differs from agriculture in that it is easier to mechanize. With the development of handicraft cooperatives into cooperative factories, many of the factories became mechanized, and labor productivity improved greatly. However, in the past, several hundred handicraft workers produced scores of products, and some of these products had their own unique features. After the handicraft cooperatives were merged into cooperative factories, the variety of these products was greatly reduced. Some minor products were no longer produced or their original unique features were lost, and they could not satisfy the many needs of the people. Therefore, the merging of handicraft cooperatives should not be carried out too far, and even more so, they should not be raised to a higher stage. Some collective ownership of the handicraft industry, the food industry, the repair trade and the service trade should be allowed to exist. Moreover, these trades should be allowed to have a new development. This will not only better satisfy the needs of the people but also help the distribution of labor.

The socialist transformation of the ownership of the means of production in China developed very rapidly after the First Five-Year Plan. Generally speaking, this work was carried out very successfully. However, we lacked a thorough understanding of the purpose of ownership of the

means of production, which was for the sake of developing productive forces and better satisfying the ever-increasing needs of the urban and rural areas. Our guiding ideology was more often than not transformation for the sake of transformation, and we always thought that the faster the better and the more thorough the better. At times this hampered the development of the productive forces and could not satisfy the many needs of the urban and rural people. Especially in the 2 or 3 years after 1958, because of the overhastiness in transforming the system of ownership, we damaged the productive forces and caused serious difficulties in the livelihood of the people. However, this was resolutely put right after 1962. In the past we did not dare criticize this as a mistake of Lin Biao and the "gang of four" and instead kept on opposing the right. After 1966 Lin Biao and the "gang of four" pushed an ultraleftist line during the Great Cultural Revolution, "cut off the tail of capitalism" everywhere and advocated "transition to poverty." This caused serious damage to our national economy and brought it to the brink of collapse. To correct such incorrect ideas we should sum up the historical experiences of the past in seeking truth from facts and smash the various forbidden areas set up by Lin Biao and the "gang of four." Practice is the sole criterion for testing truth, and mistakes are often the forerunners of correct things. Only by correctly recognizing the historical mistakes we made can we thoroughly correct them and advance courageously in the correct direction.

II. Socialist Construction Progressed by Twists and Turns

China's First Five-Year Plan for building socialism began in 1953. During the 3 years of recovery of the national economy, industrial and agricultural production in our country developed very rapidly. Compared with 1945, agricultural production by 1952 had increased by 48.5 percent, or an average progressive increase of 14.1 percent a year. Industrial production had increased by 145 percent, or an average progressive increase of 34.8 percent a year. In industrial production, light industry increased progressively by 29 percent a year and heavy industry by 48.8 percent a year. Naturally, to a very large extent this was part of the recovery. Under normal conditions there cannot be such high rates of increase. Because of the difference in the growth rate of agriculture, light industry and heavy industry, a change began to take place in the proportion each occupied in the total output value of industry and agriculture. From 1949 to 1952 the ratio occupied by agriculture fell from 70 percent to 58.5 percent, light industry rose from 22 percent to 26.5 percent and heavy industry rose from 8 percent to 14.8 percent. The reason for the particularly rapid growth in heavy industrial production was mainly the particularly serious damage suffered by heavy industry during the war. After 3 years of recovery and development, although it exceeded its highest annual output in history, the proportion it occupied in the general output value was still relatively small.

In the First Five-Year Plan we emulated the Soviet Union and implemented a policy of giving priority to the development of heavy industries. With the help of the Soviet Union, China carried out the construction of 156 key projects (mainly heavy industries) to lay the initial foundation for socialist industry, and the achievement was colossal. However, an enormous amount of capital was needed for the construction of so many heavy industries. Where did the money come from? Under conditions at that time, it could only come primarily from the peasants, because heavy industry was still unable to supply many funds. Outwardly, light industry could supply quite a lot of funds, but its raw materials came mainly from agriculture, and a relatively large portion of its funds were in agricultural produce and raw materials. These were bought at low prices and resold to the peasants at high prices as finished products (such as textiles), i.e., transferred from agriculture by means of an exchange of unequal value. More importantly, because of the very rapid development of industrial production and the increase in the urban population, difficulties began to appear in the supply of grain, cotton cloth and nonstaple foods. To guarantee a supply to the urban areas, the state could only enforce the requisition and monopoly of grain and cotton, which subsequently included the allotment of such nonstaple foods as meat and eggs. Grain and cotton cloth and even certain nonstaple foods were also rationed. This requisition, monopoly and allotment restricted the consumption of the peasants themselves. For several years, because of the excessive requisition of grain, the grain ration of the peasants was cut, and this, to a certain extent, dampened the enthusiasm of the peasants for production.

After a great deal of study, Comrade Mao Zedong in 1956 made the report "On the Ten Major Relationships" and pointed out that socialist construction must focus on heavy industry, but special attention must also be paid to the development of agriculture and light industry. The report has set forth the correct policy for our socialist construction. Facts have proved that the faster development of agriculture and light industry not only can quickly improve the life of the people but also can supply a great deal of funds for the state and speed up the development of heavy industrial production. In this way the road we take will become broader and broader, and the superiority of socialism can be fully brought into play.

Generally speaking, the First Five-Year Plan was basically correct. During those 5 years our agricultural output increased by 24.8 percent, or an average progressive increase of 4.5 percent a year. Our industrial output increased by 128.6 percent, or an average progressive increase of 18 percent a year, of which the increase for light industry was 12.9 percent a year and the increase for heavy industry 25.4 percent a year. In the total production value of industry and agriculture, the ratio occupied by agriculture fell from 58.5 percent to 43.5 percent. Light industry rose from 26.2 percent to 29.2 percent and heavy industry from 14.8 percent to 27.3 percent. (The above figures are calculated on the

unchanged prices of 1952.) The 156 key construction projects all progressed very smoothly, and economic results were rather good. The problem was to sum up experiences and to understand that the average rate of accumulation for the 5 years at 24 percent was already a bit too high and that the scale of construction of heavy industry was already a bit overambitious. We had to make suitable adjustments in accumulation and consumption in the Second Five-Year Plan and maintain a proportionate relationship among agriculture, light industry and heavy industry. At the first session of the Eighth CCP Central Committee in 1956, Comrade Zhou Enlai presented the proposal for the Second Five-Year Plan and stipulated that grain output had to reach 500 billion jin by 1962 and steel output had to reach 10.5 to 12 million tons. The growth of agriculture in the 5 years had to increase by 35 percent (in the first 5 years it was 24.8 percent), and the growth of industry had to increase by 100 percent (in the first 5 years it was over 128 percent). Judging from today, this proposal was basically correct. If this had been successful, the achievements would have been greater than those of the First Five-Year Plan.

However, because we completed the socialist transformation of agriculture, handicraft industry and capitalist industry and commerce 10 years ahead of schedule in the First Five-Year Plan, an attitude of arrogance and rashness appeared in the party. The Great Leap Forward in 1958 called for doubling the output of steel from the 5,350,000 tons in 1957 to 10.7 million tons and increasing the output of grain from the 390 billion jin in 1957 to 700 billion jin. This seriously violated the objective law of economic development. In that year steel output actually reached only 8 million tons, and grain output reached only 400 billion jin. In 1959 the party continued to whip up the style of boasting and exaggeration and called for increasing steel output to 18 million tons and grain output to 550 billion jin (revised figures in August). Consequently, steel output reached more than 13 million tons, but there was a tremendous drop in grain and other farm produce. In 1960 the party continued to raise the indices, and steel output rose to more than 18 million tons, but grain production continued to fall. In the 3 years the rate of accumulation reached about 40 percent. This caused serious disharmony in the proportionate relations of the national economy, and the living standard of the people fell drastically. In 1961 and 1962 the output of heavy industry also fell drastically. Facts prove that national economic planning must be subordinated to the objective law of economic development. If the proportionate relations of the national economy are disrupted, not only can we not sustain the high-speed development of heavy industry, but it will even fall back.

In the winter of 1960 the CCP Central Committee put forth the eight-character policy of readjustment, consolidating, filling out and raising standards. The key to this policy is readjustment. The state was determined to curtail the production indices of heavy industry (especially steel and coal), greatly cut down on investments and shorten the capital

construction front. Many unfinished projects were abandoned. The state also reduced by nearly 20 million the 25 million workers recruited from the rural areas and sent them back to the countryside to fill the front-line of agricultural production. Because of the implementation of the eight-character policy under the leadership of Premier Zhou Enlai, there was a turn for the better in the national economy in 1962, and by 1965 the turn was total. In the 3 years of the Great Leap Forward and the 5 years of readjustment, the following changes took place in the proportionate relations among agriculture, light industry and heavy industry (calculated on the unchanged price of 1957):

	<u>1957</u>	<u>1960</u>	<u>1965</u>
Agriculture	43.3 percent	20.1 percent	29.8 percent
Light industry	30.1 percent	26.6 percent	35.4 percent
Heavy industry	26.6 percent	53.3 percent	34.8 percent

By the final year of the Second Five-Year Plan (1962), the various sectors of the national economy had still not reached the indices laid down in the proposal of the Second Five-Year Plan. After another 3 years of readjustment, steel output in 1965 reached the index of the proposal (12 million tons), and grain output climbed back to nearly the 1958 level (400 billion jin) but still fell short of the index laid down in the proposal. After the setback, agriculture in the 8 years (from 1958 to 1965) increased progressively by only 1.5 percent a year and industry by 8 percent. These percentages were much lower than those of the First Five-Year Plan. The livelihood of the people also only recovered to nearly the level of 1956 and 1957. Because of the implementation of the eight-character policy, industrial and agricultural production in 1966 continued to develop at a high speed. Now, everybody remembers the better economic work done in the 3 years of recovery, the First Five-Year Plan and the period of readjustment from 1963 to 1966. This is because we paid more attention to the objective law of economic development.

After 1966 Lin Biao and the "gang of four" took advantage of the power they usurped during the Great Cultural Revolution to incite total civil war. In 1967 agricultural production bogged down, and industrial production fell greatly. From the more than 15 million tons of steel produced in 1966, production fell to 10 million tons. In 1968 grain production fell by 4 percent, industrial production continued to drop and steel production fell to 9 million tons. In 1969 Chairman Mao Zedong and Premier Zhou Enlai put a stop to the large-scale armed struggle and restored political and economic order. Industrial and agricultural production again began to rise. In 1970 there was a great increase in both industrial and agricultural production. Steel production rose to nearly 18 million tons, and grain production exceeded 480 billion jin. In the Third Five-Year Plan (1966 to 1970) the growth rate for industrial and agricultural production, though higher than that of the previous 8 years, was clearly lower than that of the First Five-Year Plan.

Several years prior to the Fourth Five-Year Plan (1971 to 1975). Premier Zhou Enlai moved to criticize the ultraleftist ideology, and industrial and agricultural production developed more smoothly. In 1973 steel output reached 25 million tons, and grain output reached 530 billion jin. In 1974 the "gang of four" took advantage of "criticizing Lin Biao and Confucius" to direct their sinister spearhead at Comrade Zhou Enlai in an attempt to usurp party and state power. Industrial and agricultural production was again seriously attacked, and steel output fell to 21 million tons. In 1975 Comrade Deng Xiaoping assisted Premier Zhou Enlai in implementing Chairman Mao Zedong's policy of pushing forward the national economy. In that year industrial production rose by 15.1 percent, steel output returned to 24 million tons and agricultural production was also better than the previous year. In these 5 years the growth rate for agricultural production was, on the whole, equal to that of the previous 5 years. Industrial production was also slightly lower than that of the Third Five-Year Plan. In 1976 the "gang of four" started "hitting back at the right deviationist wind to reverse previous verdicts" in an attempt to seize total power. Industrial and agricultural production was again seriously disrupted. Steel output again fell to 21 million tons, enterprise management was in a state of chaos and losses were serious. Financial deficits reached more than 5 billion yuan, and the whole national economy was on the brink of collapse. Only after the CCP Central Committee headed by Comrade Hua Guofeng smashed with a single blow the conspiracy of the "gang of four" to usurp party and state power could the party and state be saved from this crisis, unprecedented since the founding of new China.

Although the extent of the drop in production during the Great Cultural Revolution was not as serious as that of the late 1950's and early 1960's, the problems it created were more serious. Although people throughout the country had more problems in their livelihood during the late 1950's and early 1960's, the leadership of our party organizations at various levels was intact, and, under the leadership of the party and state, the people showed no fear of difficulties, advanced courageously and surmounted the crisis within a short time. This time, due to the long sabotage of Lin Biao and the "gang of four," serious damage was caused to the party in organization, ideology and work style. Even now the pernicious influence of factionalism and anarchism has still not been eliminated. After 3 years of readjustment, management, administration and labor discipline, many enterprises still have not been restored to the level before the Cultural Revolution, and readjustment must still be continued.

In 1977 and 1978 our national economy was beginning to take a turn for the better. Although there was no increase in agricultural production in 1977, industrial production rose by 14.3 percent. Although a particularly serious natural calamity occurred in 1978, attention was paid to implementing the economic policy of the party in the countryside. As a result there was a bumper harvest and a 9-percent increase over the

previous year. Industrial production also increased by 13.5 percent. In 1978 steel output passed the 30-million-ton mark, and grain output reached 600 billion jin (300 million tons), both above the highest previous levels. We should understand that the growth during these 2 years was in the nature of recovery. The potential for increasing production in our industry and agriculture is still very great. If management is properly carried out, there can be an even faster growth. What is hindering the production growth of our industry and agriculture at present, apart from the chaotic state of management, is still the proportionate disharmony in the national economy. Many enterprises often have to stop or cut down production because of the shortage of electricity, coal and materials (steel materials, timber and cement). If we can properly readjust the relations of proportion, there can be a still greater growth in production.

Although our socialist construction has suffered several setbacks in the past 30 years, generally speaking the achievements we have won have been colossal. According to the State Statistics Bureau, industrial production increased at a yearly rate of 11.2 percent and agricultural production by 3.2 percent from 1952 to 1978. Despite several setbacks, the growth rate of China's industrial production has still been rather high. However, the growth of agricultural production has been slower. This is particularly true of grain production. The yearly progressive increase is only 2.4 percent and just slightly higher than the growth rate (2 percent) of the population.

During this period we made many mistakes. At times our planning for the national economy paid attention only to developing production but not to improving the livelihood of the people, and to high-speed development but not to proportional development. Our rate of accumulation was too high, and the capital construction front too long. This not only affected the livelihood of the people but also reduced the economic result of investment. In production we often one-sidedly went in for output and output value. This resulted in the lowering of quality, variety, standards and patterns, which were not in keeping with the requirements of the people and led to great waste. In the past 22 years, although the rate of industrial growth has not been low, the economic results have been very poor. On top of that, the growth of agriculture has not been rapid enough, and there has been little improvement in the people's life. This situation shows that we have not completely followed the basic socialist economic law or carried out work according to the law of planned and proportional development of the national economy. This is why we cannot bring the superiority of the socialist system into play. We must conscientiously sum up experience to make better progress in the future.

III. Struggle To Realize Socialist Modernization

In the 30 years since the founding of new China a fundamental change has taken place in the economic structure, as well as in the balance of class relations and class strength in our country. Correspondingly, this must also be followed by a change in the line, policies and principles of the party. In the first 3 years after the founding of new China our party led the people of the whole country to overthrow the three big mountains of imperialism, feudalism and bureaucratic capitalism, built up and consolidated the leadership of the working class and set up a people's democratic government based on the worker-peasant alliance. Economically, we quickly healed the wounds created by more than 10 years of countrywide war, set up and consolidated the socialist state economy, established leadership over the capitalist economy and the small peasant economy and created excellent conditions for the subsequent socialist transformation and socialist construction. Before the completion of the agrarian reform, to avoid excessive tension in class relations, our party adopted the policy of utilizing and restricting the capitalist economy and put off mentioning socialist transformation for the time being. By means of the struggle for and against restricting the capitalist economy, we established the systems of processing orders and marketing on commission and consignment and gradually placed capitalist industry and commerce in the orbit of state capitalism. Our line, policies and principles for this period were entirely correct. We not only understood but also were good at making use of the objective law of economic development. That was why production developed very rapidly, a marked improvement appeared in the life of the people and a tremendous victory was won in the struggle between the socialist and capitalist roads.

The CCP Central Committee in 1953 formally introduced the general line for the transition period of industrialization and socialist transformation of agriculture, handicraft industry, capitalist industry and commerce, and it also put into operation the First Five-Year Plan for socialist construction, which enabled us to step into a new historical period. This general line and task introduced by the party Central Committee were entirely correct and extremely timely. The task of socialist transformation originally scheduled for completion within the period of three five-year plans was consequently completed in the First Five-Year Plan. Although progress in the last 2 years was faster, that did not seriously affect the development of production. The scale of socialist construction was also a bit large, but there was still an improvement in the life of the people at that time. Therefore, our work was basically healthy. There were some shortcomings, but they were exposed by Chairman Mao Zedong in "On the Ten Major Relationships" in 1956.

In 1956 a decisive victory was won in the transformation of the ownership of the means of production in China. Corresponding with this transformation, Comrade Mao Zedong promptly published two important reports, "On the Ten Major Relationships" and "On the Correct Handling of Contradictions

Among the People." These are two programmatic documents in the historical turning point of our country. The reports pointed out that, because of the decisive victory won in our country's socialist transformation of the ownership of the means of production, "the large-scale, turbulent class struggles of the masses characteristic of times of revolution had in the main come to an end, but class struggle was by no means entirely over." The reports stressed the new situations and tasks of the party in the new period, so that the minds of the comrades could turn from the turbulent class struggles of the previous period, master the correct handling of contradictions among the people and mobilize the forces of all sectors to carry out socialist construction.

The reports pointed out that a change had taken place in the task of the party in the new period, from the use of revolutionary means to liberate productive forces to protecting and developing productive forces and carrying out production and construction. "On the Ten Major Relationships" pointed out at the start: "It is to focus on one basic policy that these ten problems are being raised. The basic policy is to mobilize all positive factors, internal and external, to serve the cause of socialism." It concluded: "We must do our best to mobilize all positive factors, both inside and outside the party, both at home and abroad, both direct and indirect, and make China a powerful socialist country."

At the second session of the Eighth CCP Central Committee in 1958, based on Comrade Mao Zedong's proposal for shifting the emphasis of the party's work to technical revolution and cultural revolution, the general line of going all out, aiming high and achieving greater, faster, better and more economical results in building socialism was introduced. The general line for socialist construction was a further development of these two reports. The proposal for bringing about the modernization of agriculture, industry, national defense and science and technology before the end of the present century made by Premier Zhou Enlai on two occasions in 1964 and 1975 at the NPC was the concrete embodiment of the ideas of Comrade Mao Zedong. However, during the Great Cultural Revolution, Lin Biao and the "gang of four" actually vilified this consistent thinking of Comrade Mao Zedong and Comrade Zhou Enlai as "the theory of productive forces." The great ideological confusion which was created was extremely harmful to socialist construction.

After the smashing of the "gang of four," the 11th CCP Congress announced the conclusion of the Great Cultural Revolution and also announced that the task of the new period was to realize the four modernizations raised by Comrade Zhou Enlai. Last December, at the third plenum of the 11th CCP Central Committee, a proposal was made to shift the emphasis in the work of the party to socialist modernization. The meeting pointed out: "Due to sabotage by Lin Biao and the 'gang of four' over a long period, there are still quite a few problems in the national economy, some major imbalances have not been completely changed and some disorder in production, construction, circulation and distribution has not been fully

eliminated. A series of problems left over for years concerning the people's livelihood in the urban and rural areas must be appropriately solved. We must conscientiously solve these problems step by step in the next few years and effectively achieve a comprehensive balance to lay a solid foundation for rapid development." In 1979 Comrade Hua Guofeng, in his report on the work of the government, pointed out: "The State Council has made an overall analysis of our economic construction and concluded that, on the basis of the solid achievements in economic recovery and growth during the past 2 years and more, the country should devote the next 3 years, beginning in 1979, to readjusting, restructuring, consolidating and improving the national economy in order to bring it, step by step, onto the path of sustained, proportionate and high-speed development. This is the first battle for the four modernizations which we must fight following the decision to shift the focus of our work to socialist modernization. We must win this battle."

At present some comrades still underestimate the serious problems caused for the national economy by the interference and sabotage of Lin Biao and the "gang of four." They do not fully understand the serious confusion created in their ideology. This is a major obstacle to the implementation of the new eight-character policy put forth by the party Central Committee. For the sake of enabling the whole party and people of the whole country to be of one heart and build China into a modern and powerful socialist country, we must strive to sweep away such obstacles. We must conscientiously sum up the experiences of the past 30 years under the guidance of Marxism-Leninism-Mao Zedong Thought and restudy our line, policies and principles in accordance with the situation and tasks of the new period, so that they will be more in keeping with the demands put forth by the CCP Central Committee.

In the direction of the socialist transformation of the relations of production, our guiding thought in the past often paid no attention to the dialectical relationship between the relations of production and the productive forces. We were divorced from the condition of the development of the productive forces in China and incorrectly thought that the higher the level of socialization the better. Consequently, at times the transformation of the relations of production not only could not promote the development of productive forces but, instead, hampered the development of and even damaged the productive forces. Relations of production are also embodied in the planned management of the national economy. We always thought that the more centralized and unified planned management was, the higher its level would be. As a result, this kind of planned management could not promote the high-speed and proportionate development of the national economy, but instead slowed down production and development. We always set planned management and the law of utilization value against the role of the market, used administrative orders in place of the objective law of economic development and caused the mutual dislocation of production and demand. In this way we not only could not bring the superiority of the socialist system into play but instead also destroyed the superiority of the socialist system.

In the direction of socialist construction we often failed to study the objective law of economic development in the past and thought that the faster the production growth and the larger the scale of construction the better. We paid no attention to the economic results of production and construction; consequently, this led to serious waste and imbalance in the proportions of the national economy, and more and more problems were encountered in production and construction. Every year we said we must shorten the capital construction front, but the front continued to grow. The supply of capital and materials was short, construction periods became longer and longer and economic results became poorer and poorer. Our industrial production front was also very extended, and redundancy in factory distribution resulted in waste. Because of insufficient supplies of fuel, power and raw materials, work stoppages and reduced production occurred frequently, and every year a war of attrition was fought. Unless we make up our minds to completely change this situation, keep what should be kept and stop what should be stopped, and carry out mergers and reorganization in a planned manner, the socialist modernization of the national economy will be seriously hampered.

Until today some comrades still do not understand the seriousness of this phenomenon. They hold that, since the situation is excellent, why do we still talk about imbalance. Because of this they have adopted an indifferent attitude of feigned compliance toward the policy of the CCP Central Committee to readjust the national economy. Some comrades do not proceed from the overall situation, and for the sake of guaranteeing the high-speed development of their own department or locality they do not consider the fact that this might lead to imbalances in the whole national economy. For the sake of seeking false output value, some enterprises do not mind wasting huge amounts of labor and materials to produce things of little practical value which are not in accordance with the needs of the state or the people. This kind of mentality and method must be quickly changed.

Comrade Hua Guofeng pointed out: "Readjustment, restructuring, consolidation and improvement are interrelated and mutually complementary. But today it is adjustment that is crucial for the economy as a whole." In discussing readjustment we must first readjust the proportion between accumulation and consumption and properly arrange the relationship between state construction and the livelihood of the people. China has a huge population and a poor foundation, and our planning work must first take into consideration the question of the livelihood of the people. Our rate of accumulation must not be set too high; otherwise that will lead to imbalance. In the period of our Fourth Five-Year Plan our country's accumulation was constantly kept at over 30 percent. The capital construction front was overextended, and supplies for the livelihood of the people were always very tense. Since the smashing of the "gang of four," the people are jubilant and want to make a great and rapid advance. In 1978 capital construction investment increased to 30 percent, the accumulation rate rose to above 36 percent and the

imbalance was further revealed. After the third plenum, the party Central Committee began to pay attention to this problem. It reduced this year's investment quota by 20 percent and wanted to lower the rate of accumulation for the next 3 years to below 30 percent. At the same time, we have also greatly increased the purchasing price for farm produce and will also step by step raise the wages of workers. In these two sectors we will be spending more than 10 billion yuan this year. This is an important measure for improving the livelihood of the people (particularly that of the peasants) in the next 20 years or more. In the past 20 years and more there has not been much improvement in the livelihood of the people, and naturally there also cannot be any great improvement within the next few years. We must be determined to solve this step by step with the development of production.

In readjusting the relationship between state construction and the livelihood of the people, we must readjust the proportions of agriculture, light industry and heavy industry. For the sake of developing agricultural production we must adopt the policy of "less unpaid labor and taxes and more rest and recuperation" for most of the peasants currently living in more difficult areas, so that they will have the ability to increase their current year's production and income. We must improve the livelihood of the people and produce accumulation for the development of agricultural production. In developing farming we must also energetically develop animal husbandry, forestry, fishery and various sideline occupations. With the development of agriculture, light industry will also develop quickly. The foundation of China's light industry used to be very good, but because of too little investment in the past 20 years and more, the former enterprises did not have the necessary capital for tapping potentials or carrying out innovations and transformation. There was also no sure guarantee for the supply of power, fuel and raw materials. At present the CCP Central Committee is beginning to attach importance to the development of light industry and to pay more attention to the supply of capital and materials so that it can develop quickly.

The readjustment of the proportions among agriculture, light industry and heavy industry does not mean that we do not want to develop heavy industry. Without advanced heavy industry to supply advanced machinery and equipment it is impossible to modernize industrial and agricultural production. At present we must pay special attention to the development of heavy industry, readjust the proportion in heavy industry and solve the problem of the production of electricity, coal, oil and many types of raw materials which are lagging behind the needs of the processing industry. The communications and transportation industry in our country is also backward and cannot keep up with the needs of industrial and agricultural development. This is why the development of heavy industry must pay attention to the relationship between long-term and immediate needs. Apart from speeding up power and raw material production, we must also economize on consumption so that the balance between supply and demand will be gradually restored.

The present economic management system of our country is seriously hampering the development of the national economy, dislocating supply and demand and causing serious waste. China today is still basically following the economic management system we learned 50 years ago from the Soviet Union. We have placed too much emphasis on administrative management and are not good at utilizing the law of value and the regulatory role of the market. The CCP Central Committee has decided that, after the proportions of the national economy have been properly readjusted and economic management work reorganized to basically overcome the chaotic conditions, a thorough reform of the economic management system must be instituted, and the right of the localities and, in particular, the enterprises to make their own decisions must be increased, so that the economic activity of the enterprises need not be restricted by departmental and local administrative organs and supply and marketing can be directly linked. Naturally, reforming the management system of the national economy is a very complicated matter, and we still lack experience in this direction. That is why many important reforms must still go through investigation and study and be tested at special points, and experience must be obtained before they can be gradually popularized.

To realize this grand goal of the four modernizations, our task is extremely arduous. At present we must conscientiously make a success of this first battle to realize the four modernizations and lay a solid foundation for the future high-speed development of the national economy. To make faster progress we must first have a good footing. So long as people throughout the country unite and are of one mind under the policy approved by the CCP Central Committee, then our task of realizing the four modernizations within the present century will certainly be victorious.

CSO: 4004

TRANSFORM THE ECONOMIC MANAGEMENT SYSTEM AND EXPAND THE DECISIONMAKING
POWER OF ENTERPRISES

Beijing RED FLAG in Chinese No 10, 2 Oct 79 pp 50-59

[Article by Ma Hong [7456 3163]]

[Text] It has been 30 years since the founding of the PRC. Lenin said that the best way to commemorate great revolutionary anniversaries was to concentrate attention on still unresolved revolutionary tasks. The best way to commemorate the 30th anniversary of our country's founding is to seriously study and correctly solve the major problems of achieving socialist modernization.

The people throughout the country are now concerned with transforming the economic management system. This is a very complicated problem with wide-ranging implications and covering a host of related issues. To tackle this transformation task at its source, theoretical circles and comrades in charge of economic work have been zealously discussing this problem. The following are my views.

I

Many comrades who have examined past experiences and current progress in transforming the economic management system believe that the issue can best be tackled by expanding the decisionmaking power of enterprises. I agree that this view conforms to practical considerations.

The reason why transforming the economic management system must begin by expanding the decisionmaking power of enterprises is based on the following factors:

First, modern industry involves socialized large-scale production with enterprises as the basic production units. Modern production is achieved through a division of labor and coordination among tens of thousands of industrial enterprises. Each enterprise is made up of a fixed number of laborers who are supplied with machinery and equipment and raw and semi-finished materials with which they create material wealth for society.

Since enterprises have access to labor, technicians and management cadres, they use the facilities and raw materials to turn out products. As enterprises assume sole responsibility for their own profits or losses, the abundance of social products thus determines the good or bad performance of individual enterprises. The role of enterprises in the national economy is like that of cells in an organism. Since cells undergo a metabolic process, the more this process of the new superseding the old continues, the more vigorous the cells and organism will become. This is also true of enterprises. To fully develop the role of enterprises in social production and speed up the development of social productive forces, enterprises must be given decisionmaking power. This is a prerequisite for providing enterprises with the process of metabolism.

Our enterprises generally feel that they have very limited decisionmaking power regarding economic management. According to investigations conducted by the Anshan Iron and Steel Company, the main problems in using economic measures to manage the economy are: 1) All planned targets are passed on from the higher to the lower levels without having any relevance to each other; 2) enterprises have no power to expand reproduction nor the funds for undertaking technical transformation; and 3) economic responsibility is not clear when administrative measures based on "the will of the superior" which run counter to objective laws are used to control enterprises. If a major enterprise like the Anshan Iron and Steel Company has very limited management power, one can imagine the situation in other enterprises.

One view maintained that the decisionmaking power of enterprises is not essential when socialist ownership by the whole people is practiced. There were even objections to giving such power to enterprises. Practice has proven that this view is incorrect. Since enterprises are basic units for organizing socialist production, they have to operate independently, and we must respect this independence by giving them the indispensable decisionmaking power. This conforms to the need to develop production. It is true that socialist enterprises are to be distinguished from capitalist ones. While socialist enterprises are based on public ownership and the socialist economy is promoted in a planned way in the interest of the whole society, this does not mean that the independence of enterprises and their decisionmaking power can be disavowed. However, compared with the independence of capitalist enterprises and their decisionmaking power, there is a difference between the two as regards their nature and substance. Comrade Mao Zedong pointed out long ago: "In principle, centralization and independence form a unity of opposites; there must be both centralization and independence." He also said: "Every unit of production must enjoy independence as the corollary of centralization if it is to develop more vigorously." ("On the Ten Major Relationships")

Next, since socialist production involves production of commodities on the basis of public ownership of the means of production, socialist

industrial enterprises are the basic units both of state planning departments and for the production of commodities. Enterprises must have the power to use the market and the laws of value to produce commodities needed by society and to compare their own consumption of labor with the average social consumption in order to balance their income against expenditure and reap profits. Production will develop if enterprises are profitable, while production will decrease if losses are incurred. This shows that, in terms of the particular type of economy involving socialist commodities, we have to recognize the need to give enterprises the decisionmaking power so that they can be independent in the production of commodities. This means that enterprises should assume economic responsibility for their successful or less successful operations. In addition, enterprises should be given management power and their share of the economic benefits so that they can fully display their initiative and creativity as independent producers of commodities in production and circulation. This will enable enterprises to forge ahead and achieve greater, faster, better and more economical results in production.

As a publicly owned economy, a socialist economy is charged with the planned and proportionate development of production to meet social needs. As a commodity economy, it is regulated by the law of value. A socialist economy, therefore, must apply a combination of planned adjustment and market adjustment, though planned adjustment is considered to be primary. Since products needed by consumers are so diverse, it is impossible for the state plan to include detailed and accurate provisions. Under these circumstances, production plans are to be drawn up by enterprises themselves under the guidance of the state plan and on the basis of market needs. Whether the state plan and products turned out by enterprises are in order is to be determined by what the market needs. Since industrial enterprises sell what they produce in the market and purchase the means of production from the market, they should have the power to organize production on the basis of what the market needs. They must also improve management, tap potentials, make innovations and undertake renovations. If enterprises are not given the power to oversee production, and if their normal production operations are overly restricted, then market adjustment will become empty talk.

Applying market adjustment implies competition among enterprises. Some people believe that competition is inherent in capitalism, because there is emulation and no competition under socialism. This is wrong. Since competition is spawned by a commodity economy, there is competition between a commodity economy based on private ownership and that based on public ownership, although the nature of the competition differs. In a capitalist society the capitalist practices deception and employs drastic measures to bring down the other side. Although this kind of competition promotes the development of production, it tends to dissipate social wealth and to break up the commodity producers. Competition in a socialist society aims at utilizing the law of value and mobilizing all positive factors so that the state plan can be carried out in a better

way. Competition launched among enterprises tends to encourage advances in production, improvements of product quality, increases in variety, reduction of cost, higher profits and greater contributions to the four modernizations. Competition enables better run enterprises and their workers to obtain more material benefits and poorly managed enterprises and workers to get fewer material benefits. The possible elimination through competition of poorly run enterprises which have incurred losses over a prolonged period will only benefit the state. As regards the workers employed by these enterprises, they will get other jobs from the state without fear of unemployment as a result of the elimination of their employers, the latter being the case in capitalist countries. This shows that competition among socialist enterprises helps to encourage the advanced, spur the less advanced, discover and solve contradictions and promote the speedy development of production. When competition is launched among enterprises, it is advisable that they be given decision-making power to facilitate management of operations; otherwise it will be difficult to get competition off the ground.

Another view which prevailed in the past holds that there is no commodity production or exchange of commodities in the economy owned by the whole people. This view also maintains that the means of production produced under socialism are not commodities. Practice has proven that this view is also incorrect. Since enterprises owned by the whole people have their own independent economic interests, they are economic entities which have their own interests. When products are exchanged among them, the process must be based on exchange at equal value; otherwise their interests will be affected. This means that exchange among enterprises owned by the whole people also involves exchange of commodities. Their products, including the means of consumption and production, are commodities. However, people who were influenced by the view which prevailed in the past did not look upon enterprises owned by the whole people as independent producers of commodities, nor did they give them the indispensable decisionmaking power. Since practice is the sole criterion for testing truth, we must now recognize the fact that there is commodity production and exchange of commodities in the economy owned by the whole people and that the means of production are commodities. Under correct theoretical guidance, comprehensive and thorough economic reforms must be undertaken in a planned way and step by step.

Furthermore, enterprises have to "autonomize" or display initiative in managing their operations. The development of socialist industry depends upon individual industrial enterprises, and particularly on their active efforts to achieve greater, faster, better and more economic results in developing production. What we call "autonomization" does not mean the installation of devices like computers but refers to independent action and having the initiative in one's own hands, so that one decides for oneself whether the matter concerns management or adjustment. Only by acting on their own can enterprises improve their operations and management, tap potentials, make innovations, promote reforms, carry out

technical transformation and the technical revolution, achieve greater, faster, better and more economical results in developing production and fully meet the people's steadily increasing needs. Only by so doing can they truly and fully promote the superiority of the socialist system and rapidly overtake and surpass economically advanced capitalist countries. Socialism is superior to capitalism because it has eliminated basic capitalist contradictions and exploitation. However, to fully develop this superiority, enterprises must act on their own. Since our enterprises lack decisionmaking power, they cannot decide for themselves with regard to management and operations. As a result, the superiority of socialism has been seriously impaired. In our attempt to transform the economic management system, we aim to change this situation by expanding the decisionmaking power of enterprises in line with the requirements of objective economic laws, so that enterprises will be able to decide for themselves step by step. The upholding of this principle will encompass the whole socialist society, not just socialist enterprises. The ultimate goal is to encourage enterprises to act on their own as a basis for providing socialist society with an economic system which can actively develop production and meet people's ever-increasing needs.

To enable socialist enterprises to act on their own means providing them with a powerful economic motive force. The question of whether the socialist system has access to an economic motive force has been a controversial one. All socialists believe that socialism has a greater motive force for development than capitalism, while those who are opposed to socialism think that the socialist system does not have it. However, we Marxists strongly believe that the socialist system conforms to the needs for socialized large-scale production, which follows the inevitable development of history. Since it meets people's needs which are directly related to production, its immense motive force is incomparably superior to that of any society which practices private ownership. The problem is one of determining how this motive force can be implemented until it is absorbed by every enterprise and becomes part of its production operations, and through what segments it can be implemented. I believe that to provide enterprises with a powerful economic motive force they must be accorded the necessary decisionmaking power. Only when enterprises are given this power can they carry out rigid economic accounting, assume sole responsibility for their own profits or losses, seriously uphold the principle of pay according to work and identify the workers' economic benefits with the successful operation of enterprises. As a result, the interests of the state, the enterprises and the workers will be so closely identified that the workers will be encouraged by the material benefits they anticipate to care for the successful operation of enterprises. Thus, with the help of intensive ideological and political work, enterprises will be provided with an incomparably powerful motive force for developing production and improving operations and management.

Some people are accustomed to making enterprises subordinate to the administrative organs of the state. They believe that administrative

organs at a higher level should arrange for enterprises to conduct all forms of economic pursuits. They think that if this is not done the means of production will not be owned by the whole people. "The Political Economy of Socialism," a book compiled by the "gang of four," even alleges that, if the powers exercised by enterprises are not centralized and exercised by the state, socialist ownership by the whole people "may be mutilated and become local ownership, departmental ownership, ownership by enterprises or collective capitalist private ownership." This interpretation is a gross distortion of socialist ownership and a feudal economic slant on socialist ownership by the whole people. Marx once described the socialist economy as "an association of free persons who use publicly owned means of production to perform labor and consciously treat the labor of many people as social labor." (Marx and Engels, "Capital," "Collected Works," Vol 23, p 95) He also identified socialist exchange as "a combination of free exchange undertaken by individuals on the basis of collectively owned and collectively controlled production facilities." ("Critique of Political Economy," Vol 1, p 96) This bureaucratic method of management and operations and patriarchal practice is at variance with the socialist system of public ownership.

Finally, practice since the founding of the PRC 30 years ago has proven that, in handling the relationships between the central and local authorities, particular attention must be paid to promoting the initiative of enterprises in acting on their own. Otherwise it will be difficult to achieve anticipated economic gains. How to handle the relationships between the central and local authorities likewise involves, in particular, the important problem of transforming the economic management system. However, in handling this relationship we must proceed from the consideration of fully promoting the initiative of enterprises so that they can make their own decisions. This is determined by the status and functions of enterprises in the national economy. If this is not given prior consideration, it will be impossible to handle well the relationships between the central and local authorities. Since the founding of the PRC we have made several attempts at transforming the economic management system, but the results have never been satisfactory. Why? One important reason is that, while efforts have been made to solve the problem of centralization of power in the central authorities and to transfer this power to the local authorities, the question of the decisionmaking power of enterprises has not been solved. Since central departments and ministries have direct and exclusive control over enterprises dealing with key projects, and since local authorities are responsible for overseeing enterprises dealing with projects of lesser importance, the power of enterprises is always very limited, and the indication is that they will have even less to decide for themselves. As a result of the exercise of administrative control over enterprises at each level, the links between different trades and between various areas have been disrupted. Consequently, the enthusiasm and initiative of enterprises and their staff could not be fully promoted. This prevented an upsurge in the economy. In transforming the economic

management system, we should draw lessons from the past--such as expanding the decisionmaking power of enterprises and avoiding taking the beaten path. Only by expanding the decisionmaking power of enterprises will it be possible to clear up the internal and external relationships of enterprises related to production, exchange, distribution and consumption. Only by discovering problems related to the economic management system that must be solved will it be possible to handle well the relationships between the central and local authorities, successfully transform the entire economic management system and achieve optimum economic results.

To sum up, in an objective sense the socialist economy requires that industrial enterprises decide for themselves with regard to management of their operations. However, our enterprises have very limited decision-making power. Since administrative organs at a higher level exercise direct and exclusive control over enterprises, they take over everything in their economic planning--from unified purchase and marketing of products to handling financial revenue and expenditure in a unified manner. This is no different from the "supply system" or "eating from a big pot." With the production tasks of enterprises under unified state arrangement and their products under unified state distribution, enterprises have to request state permission if they want to invest or need material supplies. If their requests are not approved, they can do nothing at all. If enterprises operate at a loss, state subsidies will be provided, so that there is no economic responsibility for enterprises. Similarly, if additional personnel are needed, requests for this purpose must be routed to the proper authorities. If the requests are not approved, not a single person can be employed. An enterprise cannot decide for itself that it is overstaffed. In such a case, redundant staff takes its toll in wasted manpower. Whether enterprises are run efficiently or otherwise makes no difference at all, since the workers receive the same amount of wages and bonuses. All in all, enterprises are subordinate to central or local administrative departments regarding the use of manpower, material and financial resources as well as production, supply and marketing facilities. No matter how enthusiastic the staff of enterprises are or how competent their supervisors and technicians, it is difficult for them to display their initiative and run enterprises well. To change this passive state, the decisionmaking power of enterprises must be expanded. This is fundamental to transforming the economic management system. As was pointed out at the third plenum of the 11th party Central Committee, "one of the serious shortcomings in our economic management system is the centralization of power. This should be decentralized to allow the local authorities and industrial or agriculture-related enterprises to have greater decision-making power under the guidance of the unified state plan." This is completely correct.

Since the third plenum of the 11th CCP Central Committee, many localities have transformed their management systems. Experiments conducted at

selected areas have proven that expanding the decisionmaking power of enterprises is a correct approach to transforming the economic management system. For example, some 100 enterprises in Sichuan Province were thus selectively given increased decisionmaking power, mainly in the following seven fields: 1) The right to withdraw or retain profits; 2) the right to raise funds for expanded reproduction; 3) the right to withdraw or retain the costs of depreciation on fixed assets; 4) the right to sell part of the products and to produce items not listed in the production plan; 5) the right to have a share of the foreign exchange earned; 6) the right to use funds flexibly; and 7) the right to punish violators of discipline. As a result, changes have been made in irrational systems that have been in use for many years, such as those related to planning, finance, currency, commerce, foreign trade, material supplies, and so forth. The significant economic gains achieved have pleased those who have called for reform. According to figures compiled by 84 local industrial enterprises, the total industrial output value for the first half of this year increased by 15.1 percent over that of the same period last year, while profits rose by 26.2 percent. This compares with only a 9-percent increase in the province's total industrial output value and a rise of 17.1 percent in profits. The profits surrendered to the state by selected enterprises during the first 8 months of this year showed an increase of 25 percent over the same period last year, more than doubling that of nonselected enterprises. Enterprises in other selected areas also yielded similarly impressive gains. Whether to expand the decisionmaking power of enterprises is right or not and whether it is necessary or not has been proven by practice.

II

Under existing circumstances, how much expansion of the decisionmaking power of enterprises is appropriate? I believe that enterprises should decide for themselves in the six areas of manpower, finance, materials, supply, production and marketing, so that they can undertake economic accounting independently and assume sole responsibility for their profits or losses. However, some people believe that to encourage enterprises owned by the whole people to assume sole responsibility for their profits or losses will do harm to ownership by the whole people. This worry is not based on fact. Whether an economic system measures up is determined by the satisfactory economic results it is able to achieve and the productive forces it can develop. Experience gained over the past years has proven that, when collectively owned enterprises assume sole responsibility for their own profits or losses, their leadership as well as the entire staff under them are concerned about the results of their operations and make careful calculations with regard to the use of manpower, funds, materials, supplies, production and marketing. While many enterprises owned by the whole people have suffered losses, collectively owned ones have successfully managed their operations and developed production more rapidly. One important reason is that collectively owned enterprises have greater decisionmaking power than those owned by the

work people, and that they can handle their own economic accounting and assume sole responsibility for their own profits or losses. Both enterprises owned by the whole people and those that are collectively owned practice socialist ownership. Under present circumstances, enterprises owned by the whole people will likewise have many benefits if they handle their own economic accounting and assume sole responsibility for their profits or losses, although they differ from collectively owned enterprises in some ways. We know that enterprises which possess different fixed assets and have access to different natural resources will yield different profits. While collectively owned enterprises collect what belongs to them, the taxable portions of the income of enterprises owned by the whole people will go to the state. This will enable enterprises to demonstrate their management skills through their profits or losses. Therefore, it is likewise possible for enterprises owned by the whole people to assume sole responsibility for their own profits or losses, because this will encourage them to improve the management of their operations and contribute more to socialist construction. Naturally, it will take some time before enterprises owned by the whole people are able to assume sole responsibility for their own profits or losses, because further improvement of the economic management system is necessary. We should create conditions that will make realization by stages possible.

To enable enterprises to assume, step by step, the sole responsibility for their own profits or losses, it is necessary to appropriately solve the problem of limited power, particularly with respect to manpower, financial and material resources and planning.

1. The problem of controlling labor.

There are many problems which limit enterprises from controlling labor. Primarily they are: 1) Manpower departments allocate labor to enterprises regardless of the skills required in certain jobs and the effects of labor intensity on the sexes. 2) Organs at a higher level do as they please as regards borrowing or transferring manpower from enterprises to other units. 3) Inflexible measures regarding wages and bonuses for enterprises are applied. All these factors are detrimental to promoting the initiative of enterprises. In recruiting workers in the future, in keeping with government regulations, enterprises should be able to decide for themselves as regards accepting those who are competent and refusing those who are incompetent. In addition, enterprises should be encouraged to reduce their personnel. They should set a reasonable manpower quota based on improved manpower utilization and geared to production efficiency. Workers thus released should be assigned to other work stations according to requirements. As regards those who cannot be immediately reassigned to suitable jobs, their former employers or responsible units should arrange for them to be given some type of vocational training. While enterprises should conduct training programs for their staff, those which are run on a large scale should set up schools to train technicians.

New workers should be given specialized training so that they will be able to master basic skills and be familiar with safety measures and basic factors in running plants. They should then be given job assignments after they have passed qualifying tests. The practice of giving jobs to those who have not undergone rigid training must now be discontinued. The size of pay increases and bonuses for workers should be commensurate with the successful or unsuccessful operations of enterprises; thus, egalitarianism in this case should be discouraged. As a general rule, enterprises may decide for themselves what forms of incentive pay and wage scales are applicable, provided they are within the scope of the total wage bill approved by the state each year for use by enterprises. Thus, enterprises can use the portion of wages saved as a result of economizing on labor to increase pay and bonuses for workers or for other collective welfare purposes, as long as the arrangements worked out by enterprises do not go beyond the planned targets of the state.

2. The question of financial power.

The existing system of financial management adopted by state-run enterprises is basically a means of unifying revenue and expenditure. When enterprises surrender their profits to the state, the losses they suffer are compensated by the state. All funds for development production are allocated by the state, except that part of the money is set aside to meet depreciation costs. As for collective welfare expenses and bonuses for deserving workers, they are drawn by enterprises in proportion to the total state allocation for the wage bill. Enterprises utilizing state funds (including fixed assets and liquid funds) are also not required to assume economic responsibility. This approach poses three main problems: 1) Since enterprises have limited economic power, there is a gap between power and responsibility. They do not have the power to achieve expanded reproduction, nor are they assured of the power of simple reproduction. The depreciation rate is very low, and much less is left to enterprises to meet their depreciation costs. The rate of industrial depreciation in Shanghai is only 4.2 percent. This means that, based on the existing rule that 70 percent of the depreciation allowance can be used by the enterprises, at least 34 years are required before old equipment can be replaced with new equipment. The depreciation rate for the Anshan Iron and Steel Company is even lower, averaging 2.92 percent. At this rate even if all the depreciation allowance is granted for use by Anshan, it will take 34 years for the Anshan complex to renew its equipment, and more than 48 years if it must follow the existing rule. This antiquated system and outdated practice is responsible for keeping antiquated equipment in serviceable condition at an enormous yearly cost. 2) The awarding of bonuses is not based on the effective management of enterprises. This tendency toward egalitarianism overlooks the difference between doing a job and not doing a job, between doing a job well and doing it poorly and between making money and suffering losses. 3) The use of administrative measures to manage financial affairs is a complicated process which

results in low efficiency and may lead to those affairs' being divorced from actual conditions. It is also not conducive to economic development.

Enterprises must be given the power to use the depreciation funds in a rational way and to carry out technological renovations. Depreciation of fixed assets in capitalist countries is basically completed in 10 years. In many cases it is completed in 5 or 6 years. The governments of capitalist countries encourage this to stimulate production and increase financial revenue. The capitalist also likes to do this, because it accelerates capital turnover and means smaller taxes paid to the state since calculations are based more on cost and less on profits. Our current system is at the expense of our capital outlay without regard for mental or physical wear and tear. A rational rate of depreciation over a shortened cycle should therefore be adopted, along with a rational way of making use of the depreciation deductions. Moreover, the state is to charge interest on capital if liquid funds are used nongratuitously; it is to collect tax on fixed assets that are utilized in the same way. Enterprises have the right to plan rational uses of fixed assets and liquid funds, as well as the right to use the profits they have earned.

Since conditions are still inadequate for enterprises to assume sole responsibility for their own profits or losses, they now retain a percentage of their profits after state quotas have been met for production, welfare funds and bonuses. This is an improvement on the measure for unifying revenue and expenditure and makes it possible for enterprises to use production funds in proportion to their good or bad management and their contributions to the state. However, retaining part of the profits to be used by enterprises now involves such problems as those related to prices and taxes. This is because the amount of profits is determined by high or low prices. Based on the rate of profits for selling in 1978, petroleum yielded 40 percent, power 31 percent, metallurgy 13 percent and coal 1 percent. How can profits be retained if there is such a big gap in earnings? Although there were more than 2 million coal miners in the country in 1978, they paid less than 1 billion yuan in profits and tax to the state. However, the Yanshan Petrochemical Corporation, with only 33,000 workers, surrendered more than 1 billion yuan in profits and tax to the state last year. This gap was due primarily to the irrational way of fixing prices. On the other hand, differing natural conditions can also affect the profits of similar industrial or production enterprises. For example, Daqing sold crude oil for 100 yuan and made a profit of 67 yuan, but Yumen made a profit of only 20 yuan from selling the same kind of oil at the same price. One way to solve such a problem is to adjust prices. For example, in terms of the amount of heat generated, about 2 tons of coal are equal to 1 ton of crude oil. To sell oil at the current rate of 100 yuan per ton and coal at less than 21 yuan means that their comparative prices are far from reasonable. However, if the price of coal is raised to that of oil on the basis of the amount of heat

generated, a chain reaction will occur in which the price of many products will rise. To do this is out of the question under present circumstances. Is there any workable solution to this problem? Yes, there is. For example, profits in differing amounts can be retained, while taxes on differing resources and on the use of fixed assets may be levied. Since Daqing has access to favorable natural resources, it should pay more in tax. The Yanshan Petrochemical Complex uses more of its fixed assets, so it has to pay more in this tax. This is one way of comparing the profits earned by one category of enterprises with those of another.

3. The question of handling goods and materials.

Currently, goods and materials are distributed by administrative orders and not through the circulation of commodities. There are three categories of materials, with the first category under unified allocation by the state and centrally controlled. The second and third categories are handled, respectively, by the departments concerned and by the local authorities. However, to produce goods of the first category, materials classified under the other two categories are often required. For example, to produce heating elements, which are third category goods, pig iron, which is classified under the first category, is needed. For another example, gunny bags are produced from materials listed in the first and third categories. As a result, many problems have occurred. Handling goods and materials in our country involves a very complicated process of multiple, not single, channels of command and combines both vertical and horizontal rule which affects the allocation of authority between central and regional authorities. Thus, while materials are nominally handled centrally, they are allocated in a decentralized way requiring diversified handling by different units at each level. According to investigations, 804 kinds of goods and materials are distributed by the Ministry of Material Allocation. These are handled by 309 units in Beijing alone. To request certain types of goods and materials, one has to approach many departments and units. In this scurrying around, purchasing personnel are swirling about everywhere. This is a far cry from the modern approach to management and gives one the impression of the freewheeling days of rural fair trading and management.

An outstanding problem in the handling of goods and materials has been the dislocation between production plans and the supply of materials. As a result, there are gaps after plans have been drawn up. Under these circumstances, industrial enterprises often find it difficult to carry through their production plans. To correct this situation, no gaps should be overlooked at the time the plans are drawn up. After production plans are in the final stage, departments which handle materials should be responsible for transferring the requested goods. Both sides should then sign an agreement to insure that it will be implemented. In the case of a breach of agreement, the enterprise involved has the right to ask for compensation. No unit is permitted to cut back on or appropriate materials allocated to enterprises according to plans.

Another major problem involves the organization of the means of production and their circulation. This problem must be solved without delay so that the means of production, along with the means of consumption, are available for distribution in the market. While it is often difficult to have everything ready when it is needed, favorable conditions should be created to facilitate, step by step, the implementation of the measure related to the handling of goods and materials. Here the question of theory mentioned above arises--the question of the distinction between the means of production and commodities. This question must be solved before the management system can be improved. Practice during the past 30 years shows that the means of production should be considered commodity production to facilitate the exchange of commodities. This will be of greater benefit to the development of the socialist economy and may offer a way out in solving the problems of dislocation between production and marketing and those related to the overstocking in one sector of the means of production when they are being transferred and serious shortages in another sector. It will also benefit efforts to strengthen economic accounting and improve economic results.

4. The question of planned management.

What has been explained above boils down to the problems of supply, production and marketing. These must be planned by socialist industrial enterprises, which must decide for themselves how supply, production and marketing are planned and handled. Since the socialist economy is a planned economy, enterprises must undertake production and construction under the centralized guidance of the state plan and must fulfill the state plan completely on the basis of the requirement to achieve greater, faster, better and more economical results. However, we have to study the problems of how to draw up the plan and handle it. Our shortcomings are overcentralization and inflexible control. Our major problems are: 1) Since the planned targets for enterprises are fixed by organs at a higher level, inflexible control over these planned targets leaves no leeway for enterprises to change them. Moreover, economic and technological targets prescribed by the state are transmitted to the lower levels by many departments, not by a single leading organ. There is no coordination among these targets to insure that enterprises have the facilities for increasing production and outlets for their products. Thus, due to lack of planning, production has to be stopped. On the other hand, products that find no outlet and have piled up are factors that force enterprises to produce more. 2) Production quotas are increased at each level, but raw and semifinished materials are not delivered according to plan. 3) There are gaps in production and marketing plans.

To solve the above problems, it is imperative that we expand the decision-making power of enterprises so that they can decide for themselves in drawing up plans and implementing them. First, enterprises should have the right to participate in the drawing up of plans, which should

implement the mass line—that is, measures that embody the views of those at higher and lower levels. Second, after fulfilling the planned targets, enterprises can either increase their production quotas on the basis of market needs or accept processing jobs. Third, after the superior organs have fixed production plans, they should see to it that the planned supply of raw and semifinished materials, fuel and power will be carried out. In this case, enterprises have the right to modify their production quotas if there is any change in the supply of requested items. Fourth, enterprises reserve the right to reject production tasks handed down by organs at a higher level that run counter to objective economic laws and cause possible damage to plant equipment and facilities. All in all, while enterprises are required to abide by the state plan and specific production policies, they have the right to decide for themselves the best course they should take after weighing various interrelated factors. Under these circumstances, organs at a higher level should abstain from arranging production tasks for enterprises, particularly those which involve inflated targets or exaggerated production value.

Here we have the problem of correctly handling the relationship between the state plan and plans drawn up by enterprises. The state plan should be based on factors that will cater to and balance the supply, production and marketing needs of individual enterprises. It is therefore necessary that the economic targets of enterprises be handled by a single department which assumes overall charge. This department is responsible for the delivery of goods and materials required by enterprises. The state production plan transmitted to the lower levels should be based, step by step, on a production and marketing agreement that requires enterprises to fulfill the economic targets handed down by the state. After fulfilling the state plan, enterprises may use surplus materials to produce goods that are in demand. These products are first sold to commercial, foreign trade and material allocation departments before they are disposed of on the basis of prices fixed by the state. In assessing implementation of the state plan by enterprises, the department which assumes overall charge usually pays attention to these factors: 1) The range, quality and output of products; 2) profits; and 3) implementation of agreements. Enterprises which produce for the export market will have their products inspected to determine whether they conform to the required specifications, abide by contractual obligations and earn a fixed amount of foreign exchange.

If enterprises produce only marketable goods, they will go against economic laws. To produce what is not needed is reckless production. Planning the production of goods that cater to public needs requires that plans be based on the signing of agreements. Production is to be organized on the basis of the terms stipulated in the agreements. While purchasers and producers may sign agreements for certain products like machinery and equipment, items like bolts and nuts may be handled through agreements signed between marketing corporations and producing units. Other products such as piecegoods, vacuum bottles and television sets can be handled in

the same way. Advertising is a good way to forge a closer link between retailing and producing units and to solve the problems of where to obtain certain products. For example, a plant in Sichuan which produces machine tools has flourished since inserting an advertisement of its products in the media. To balance shortages of products and overstocking of goods, enterprises must be given more decisionmaking power so that they can find broader outlets for their products. Enterprises planning production in the right way must therefore see to it that their production plans coordinate related plans and integrate them to become the operational plans of enterprises. If production is organized in this way, the commodities produced will cater to consumers.

III

Some comrades fear that once the decisionmaking power of enterprises is expanded, capitalist tendencies and liberalizing influences will prevail. I believe this worry is unfounded. The correct approach to expanding the decisionmaking power of enterprises will not engender capitalist and liberalizing influences.

First, expanding the decisionmaking power of enterprises aims at upholding the socialist system of public ownership and further perfecting that system. As far as enterprises owned by the whole people which assume sole responsibility for their own profits or losses are concerned, this will not change the nature of the public ownership of the means of production. In the privately owned economy, to assume sole responsibility for profits or losses is a manifestation of the private ownership of the means of production. However, in the collectively owned economy, this is a manifestation of the collective ownership of the means of production. In the economy owned by the whole people it is an expression of the principle of the material interests of socialism and of pay according to work. There is a distinction in principle. The socialist system of public ownership, which practices pay according to work, has eliminated exploitation. If enterprises can decide for themselves, they can manage their operations independently and with the initiative in their own hands. As a result, they will be able to implement the principle of pay according to work more effectively. This will not engender exploitation but will promote fulfillment of the state plan, foster the development of the national economy and consolidate the material base of socialism. This is helpful in completely eliminating conditions for generating classes and exploitation.

Second, expanding the decisionmaking power of enterprises aims at further perfecting the socialist system of planned economy, not simply upholding it. Expanding the decisionmaking power of enterprises is carried out under the centralized leadership of the state, with the result that state leadership over enterprises is strengthened and not weakened. In the socialist economy the state plan is an important factor in the state's guidance of the economic operations of enterprises. Since the state

decides the orientation of the development of the national economy as a whole, with planned adjustment coordinated with market adjustment, and handles such problems of prime importance as the rate of gain, changes in the infrastructure, the proportion between accumulation and consumption, the scope and direction of capital construction investments, the general wage bill and the price level, as well as key construction projects, enterprises will, under the guidance of the state plan, look after production and operations and handle supply, production and marketing in a coordinated way. Only by so doing can we do things according to objective economic laws and give full play to the superiority of socialism. We have nothing to worry about regarding the possibility of weakening or abolishing the socialist planned economy.

Third, expanding the decisionmaking power of enterprises and managing our economy with economic measures does not mean discontinuing administrative measures to handle the economy. Scientific administration and management are not only necessary but important. Included in administration and management are economic legislation and economic laws, as well as policies, decrees and planned targets determined by administrative departments. Of course, these have to reflect the requirements of economic laws and must apply economic means in handling administratively such things as collecting taxes and fixing prices and interest rates. This does not mean interfering indiscriminately with the production tasks of enterprises. It is very important that economic legislation and economic laws be improved if we are to achieve modernization within this century. The legal system in economic work must be strengthened if we aim to develop the socialist economy and promote economic democracy. In a big country such as ours, socialist modernization involves many complex problems that must be solved and arduous tasks that have to be done. We must have a system for doing things. The economic management system and the decisionmaking power of enterprises also require legislation to enable them to function effectively. With laws promulgated, we will have something to follow in undertaking economic work in the normal work order. Otherwise, we will need the superior's approval before anything can be done. Acting on the approval of one's superior, however correct his views may be, is likely to promote "the will of the superior," which goes against objective laws. This practice will even breed misbehavior, corruption and abuse of justice. All in all, it will be wrong to place economic measures in opposition to administrative measures. In transforming the system of economic management we should try to work out a system which effectively combines economic and administrative measures, with economic measures as the leading factor. In this way, administrative measures will help to effectively promote the development of the socialist economy and prevent the spread of capitalist-oriented liberalizing influences.

Fourth, in expanding the decisionmaking power of enterprises we must also pay attention to strengthening ideological and political work. We have gained abundant experience in doing this work, especially since the

eradication of the fallacies of Lin Biao and the "gang of four." Inspired by fine tradition, we have integrated political work with economic work and combined ideological education with material incentives. This is an effective way of releasing the full power of ideological and political work and insuring that enterprises and workers have a correct political orientation with which they can effectively combat the erosion of bourgeois notions and the ideas of other exploiting classes. Among enterprises and society at large we should promote socialist democracy, strengthen the legal system and uphold democratic centralism. This is also an effective way of preventing the spread of capitalist-oriented liberalizing influences.

Some comrades also fear that, after the expansion of the decisionmaking power of enterprises, local governments and departments concerned will have nothing else to do and the local authorities will not obtain any benefits. This worry is also unnecessary. Transforming the system of economic management means organizing the economy on the basis of economic laws and breaking down the barriers between departments and administrative regions. However, this does not mean that local governments will have nothing else to do in the economic field. On the contrary, there are many things for them to do. For example, local party committees and governments as well as enterprises under their jurisdiction can do the following things: 1) Oversee enterprises so that they will abide by the guidelines, policies and decrees formulated and issued by the party and state and strive to fulfill the state plan. 2) Guide enterprises to work for the party and mass bodies. 3) Study development plans. 4) Organize and coordinate interrelated operations among enterprises. 5) Promote those public services and communal facilities that cater to production undertaken by enterprises and the material and cultural life of workers. Enterprises must also commit themselves to assuming certain obligations for the good of the localities in which they carry out their operations. After paying taxes and surrendering profits to the state, enterprises should retain specified and proportional amounts of their profits for the local authorities so that local economic interests will reflect the good or poor operations of enterprises. If enterprises are run well, more income will go to the local government; if they are not run properly, less will be retained.

Our country upholds the dictatorship of the proletariat. State power should promote the country's economy. Engels said that the government apparatus can either promote or deter the economy. We cannot expect the government of our country to produce good influences under any circumstances. If good examples are not promoted, bad ones will emerge. There was serious disruption when Lin Biao and the "gang of four" were running amuck. To promote the socialist economy in a country of proletarian dictatorship, we must study hard and do things according to objective economic laws. Currently we must implement the policy of readjusting, restructuring, consolidating and improving. Proceeding from our country's actual conditions, we must make a success of transforming the system of economic management and expand the decisionmaking power of enterprises in order to speed up the realization of socialist modernization.

STRIVE TO DO A GOOD JOB OF MODERNIZING MEDICAL AND HEALTH WORK

Beijing RED FLAG in Chinese No 10, 2 Oct 79 pp 59-63

[Article by Qian Xinzong [6929 0207 1813]]

[Text] This year marks the 30th anniversary of the founding of the nation. It is also the first year in which we will implement the spirit of the third plenary session of the party Central Committee and the second session of the Fifth National People's Congress, shift the focus of the whole party's work and fight well the first battle of the four modernizations. Leading cadres at various levels and the broad ranks of medical and health personnel on our health front will surely go all out and strive with one heart and one mind to do a good job of modernizing medical and health work.

What is the goal of the modernization of medical and health work in our country? Summing up the actual situation in our country, we should raise our country's medical science and technology to the advanced international level; substantiate and equip the various types of medical and health organs of the broad urban and rural areas with modern technological facilities and practice scientific management accordingly; and foster a rank that masters modern medical science and technology. We should command more first-rate medical and health specialists in the world and brilliant theoreticians in both Chinese and Western medicine. We should attain a higher percentage of doctors and hospital beds for every 1,000 inhabitants. In this way we can greatly raise our country's skills in disease prevention and cure and raise the health level of the entire Chinese nation so as to serve the four modernizations in a better manner. How can we realize such a goal? I would like to discuss several viewpoints in connection with this issue.

I. The Guiding Thinking in Modernizing Medical and Health Work

How, indeed, can we launch the modernization of medical and health work? Should we rely primarily on our own strength, or should we rely primarily on importing foreign technological facilities? Our policy is to persevere in the socialist orientation, proceed from our present available conditions

and, on the basis of self-reliance, absorb foreign advanced technology and advance step by step toward modernization. We should be clear about this guiding thinking.

The reason we emphasize the necessity to proceed from our present available conditions in modernizing medical and health work is that, in the 30 years since the founding of the nation, through the kind solicitude and great attention of Chairman Mao, Premier Zhou and the proletarian revolutionaries of the older generation and of the party Central Committee headed by Comrade Hua Guofeng, our country's medical and health cause has won tremendous achievements and accumulated rich experiences. Some major aspects are: First, we have persevered in focusing on the countryside in making overall arrangements for health work in the countryside, the industrial and mining districts and the cities. Relying on the strength of the state and the collective, we have built, on the basis of a China which was almost like a blank sheet of paper, a medical and health network that has 2.46 million professional health technicians, some 1.6 million barefoot doctors and some 1.85 million hospital beds throughout the cities and countryside. We have developed and set up a group of medical education and medical scientific research bases and medicine, biological products and medical appliance production bases, and have brought about an initial change in the backward outlook of lacking doctors and medicines. Free medical service, labor insurance medical service and the system of rural cooperative medical service, as well as low-price medicines, have provided the basic guarantees for medical and health care for the broad masses of people in the cities and the countryside. Secondly, we have persevered in the policy of prevention first, implemented the method of combining party committee leadership with professional ranks and the mass movement, launched on a wide scale the patriotic health movement and the work of disease prevention and cure, greatly improved the health outlook of the cities and countryside and reduced the incidence of disease. The health level of our country's people has been raised extensively, and the average life expectancy has been lengthened considerably. In the past 10 years the work in birth control has also scored great results, and the natural growth of the population has dropped conspicuously. Thirdly, we have united with medical and health personnel, new and veteran and Chinese and Western, combined Chinese and Western medicine, raised the level of medical science and technology and brought about a series of achievements that occupied leading positions in the world or reached the world's advanced level. If we had not suffered from the interference and sabotage of the ultraleft line of Lin Biao and the "gang of four" we might have scored even greater achievements than this. These very achievements and experiences have laid a good foundation and created an extremely favorable situation for our engagement in modernization today. If we deviate from this foundation and the available situation, then our talk about modernization can only be empty verbiage, and we will walk onto the evil path of divorcing from reality. Of course, our existing foundation, especially of medical science and technology, is still extremely weak. But then, it

is precisely that we need to proceed from our present national economic level and strive hard to launch modernization practically and realistically.

Practice over the past 30 years shows that our path in implementing the four major policies of "orienting toward the workers, peasants and soldiers, putting prevention first, uniting Chinese and Western medical doctors, and combining health work with the mass movement" and of relying on our own efforts in developing the medical and health cause is a correct path. It is entirely suitable for the actual situation of a large population, poor foundation and heavy task of disease prevention and cure in our country. Today, in modernizing medical and health work, we still should persevere in this path, continue to study new situations, solve new problems, sum up new experiences and fully utilize the strength of our country's two types of socialist ownership in developing our country's health cause.

To emphasize self-reliance and follow the road of developing ourselves does not mean that we should not learn from foreign countries. To speed up modernization we must conscientiously learn from foreign countries and from their modern medical science and technology in order to enhance the development of our country's medical science and fill our gaps. We must learn from their experience in construction and management in order to raise our level of leadership and management. Also, we must, when possible, try our best to import some advanced technological facilities, particularly a set of production lines for manufacturing advanced technological facilities in order to develop our country's medical appliances industry. Only when we have developed our own medical appliances industry can we thoroughly change our country's backward medical and health technological facilities and obtain a reliable guarantee.

II. Continue To Persevere in Putting the Focus on the Countryside

Some people believe that, in the past, in order to change the situation of a lack of doctors and medicine in the countryside, it was correct for us to emphasize putting the focus of our medical and health work on the countryside. In modernizing medical and health work at present, we should put the focus on the city. This is a grave misunderstanding.

In modernizing medical and health work we must still persevere in putting the focus on the countryside. This is a very important question of persevering in taking our own country's road to modernization. Our country's actual situation determines the fact that we can only take such a road: First, medical and health work must serve the four modernizations, the basis of which is agriculture. Whether we can develop agricultural production more swiftly and whether we can improve the lives of the peasants substantially are major issues relating to the success or failure of the cause of our country's socialist modernization and to the consolidation and development of the worker-peasant alliance and the

proletarian political power. Secondly, the rural population is large, health conditions are poor and diseases are frequent. In particular, infectious diseases, parasitic diseases and endemic diseases which affect the health of the people to a more serious extent occur primarily in the countryside. Thus, the task of disease prevention and cure in the countryside is extremely heavy. Thirdly, the rate of the natural growth of population in the countryside is high, and the absolute measurement of population growth is large. To reduce our country's birth rate by a wide margin and realize the strategic task of controlling population growth, we must further strengthen the work of technical guidance over birth control as well as maternity and child hygiene in the countryside. All this urgently requires that we develop and promote, on our present basis, the rural medical and health cause. Thus, in modernizing medical and health work we must regard putting the focus on the countryside as a question that involves the entire situation and persevere in doing so, and we must definitely not waver in the slightest degree.

Our emphasis on putting the focus on the countryside definitely does not imply that we can ignore health work in the cities and the industrial and mining districts. On the contrary, we must simultaneously strengthen the building of the medical and health cause of the cities and industrial and mining districts. The city is a place in which the working class is concentrated. Doing a good job of urban medical and health work and serving the working class and the city's people are important component parts in orienting health work toward the workers, peasants and soldiers and in raising the health level of the entire Chinese nation. Furthermore, the city is the political, economic and cultural center and is the base for supporting the countryside in launching various socialist constructions (including the rural medical and health cause). If we strengthen urban medical and health construction, we can do a better and greater job of fostering and delivering to the countryside medical and health technicians, providing medicines and medical appliances needed by the countryside and popularizing the achievements in scientific research, and can support the countryside more effectively in further changing its medical and health outlook.

Out of their criminal aim of usurping party and state power, Lin Biao and the "gang of four" and their party followers in the Ministry of Health deliberately set the countryside in opposition to the city, simply negated the important supportive role played by the development of the urban medical and health cause in the work of disease prevention and cure in the countryside, simply deviated from Chairman Mao's consistent thinking, manufactured--with an ulterior motive--the major misjudged case of "city bureaucratic health department" and seriously undermined medical and health work. Now, this major misjudged case of "city bureaucratic health department" has been redressed. We must continue to eradicate the pernicious influence of the ultraleft line of Lin Biao and the "gang of four." In modernizing medical and health work we must correctly handle

the relationship between the city and the countryside, persevere in putting the focus on the countryside, make overall arrangements and coordination and enable the development of the medical and health cause to better suit the needs of the development of the national economy and of disease prevention and cure. With more effective support from the city, we will enable rural health work to be promoted continuously on the basis of popularization. By further popularizing the work on the basis of better guidance, we will narrow the gap with city health work in the advance toward modernization.

To do a better job of promoting the rural health cause, we must conform to the possibilities of subjective and objective factors and carry out the work at different intervals and in different groups. From now until 1985, we plan to concentrate our forces on first grasping well the rectification and construction of one-third of the medical and health organizations of the country. Through rectification and construction we can enable them to gradually have a leading body that perseveres in the socialist orientation, knows its profession well, has a professional inclination and is capable of handling work; to have a rank of technological cadres who are politically firm, technically outstanding, linked with their profession and well coordinated in work; to have a comparatively more complete set of technological facilities for diagnosis, treatment and examination that suits the needs of the countryside; to have perfect, scientific and strict rules and regulations for technological management and economic management over medical and health work; to have a spirit of self-reliance, arduous struggle and diligence in carrying out a cause; and to have effective ideological and political work and a strict and impartial system of reward and punishment. In this way we can bring into full play their role as the center of professional and technical guidance and as the base for fostering talents in the entire country. The commune clinics should link up personnel, facilities and buildings. Cooperative medical work should be further consolidated and developed. We must continue to raise the skills in disease prevention and cure of the country-commune-brigade medical and health network.

We trust that, as long as we have an appropriate plan for grasping the focus of one-third of the country, and as long as we have striven for 6 or 7 years and succeeded in promoting the work, then we will effectively promote and support the remaining two-thirds of the country. In this way, the medical and health outlook of our countryside will change radically, and we will have great hopes of realizing the goal of modernizing our country's medical and health work.

III. Accelerate the Pace of Combining Chinese and Western Medicine

In modernizing medical and health work and realizing the modernization of our country's medical science, we must work hard to apply modern scientific (including modern medical) knowledge and method in studying Chinese medical treatment and Chinese medicine, accelerate the pace of combining

Chinese and Western medicine and develop our country's new medicine. This is an important characteristic of the modernization of our country's medical and health work.

In the process of modernizing our country's medical and health work, the reason we must attach particular importance to combining Chinese and Western medicine is that our motherland's medicine is a great treasure which has developed gradually on the basis of summing up the practical experience of the protracted struggle waged by the people of our country against diseases. It has rendered tremendous contributions to population growth and to the development of the Chinese nation. To this day it is still an effective measure which the broad masses of people in our country delight in using to combat diseases. Any act of ignoring it is wrong. But its development must rely on the guidance of modern science. Practical experience since the founding of the nation shows that, in persevering in the policy of combining Chinese and Western medicine, we can inherit and give prominence to this precious medical legacy, achieve excellent results and enable it to give off radiant splendor. In fact, through repeated practice the broad ranks of Chinese and Western medical and health personnel have already achieved some positive results which are better than purely Western medicine or purely Chinese medicine. Some are new discoveries never made before in Chinese medicine or Western medicine. Combining Chinese and Western medicine, we are able to treat with outstanding results eight types of acute abdominal diseases, bone fractures and injuries of soft tissues and certain heart, neurological and blood vessel diseases. Combined Chinese and Western medicine has created acupuncture anesthesia and successfully studied its clinical rules, functions and mechanics. Also, certain progress has been made in applying modern scientific knowledge and methods in the study of Chinese medical theories. All this constitutes obvious proof that the motherland's medicine is in the process of formation and development. It reveals the broad vista of combining Chinese and Western medicine in developing our country's new medicine and states clearly that the new medicine is both the modernization of the motherland's medicine and the enrichment and development of a modern medicine by inheriting and giving prominence to the legacy of the motherland's medicine. This is entirely in conformity with the development of scientific laws and is not a thing of subjective imagination. Any doubt or wavering is without basis.

To accelerate the pace of combining Chinese and Western medicine, we must also pay attention to preventing the erroneous tendency of divorcing the development of modern medicine from the effort to inherit and give prominence to the legacy of the motherland's medicine. We should be able to see that the prosperity of the Chinese medical cause and the use of modern scientific knowledge and methods to study and promote the motherland's medicine inevitably will enhance the continuous enrichment and development of modern medicine and enable our country to render unique contributions to mankind. Also, the development and application of modern medicine will surely make it more possible for us to know those

things we do not yet know today as well as explain the theories and practice of Chinese medicine. Thus, we must work hard to learn foreign advanced medical science. In particular, we must try to catch up with and surpass the world's advanced level in such subjects as molecular biology, genetic engineering, immunology, biomedical engineering, epidemiology, pharmacology and clinical science. Both Chinese and Western medicine should be developed integrally and should be integrated in their development. The motherland's medicine is becoming more and more popular today in its influence internationally. More and more foreign medical specialists and naturalists are exploring the "secrets of Chinese medicine." Some have made conspicuous progress. The task put before us is no longer the question of whether we can combine Chinese and Western medicine but of how to combine them speedily. If we lack awareness in this respect, then it is possible that we may lag behind the world.

To accelerate the pace of combining Chinese and Western medicine we should, while raising our understanding, formulate practical plans and adopt effective measures accordingly. First, we should speedily foster a rank of high-standard Chinese medical doctors who are proficient in Chinese medical theories and rich in clinical experience. At the same time, in our policy we must encourage Western medical doctors to learn from Chinese doctors and build a core force of Western medical doctors who are learning from Chinese doctors and who are enthusiastic about the cause of combining Chinese and Western medicine. We must also create fine material conditions for the development and promotion of Chinese doctors and Chinese medicine. Secondly, through the practice of disease prevention and cure we should concentrate the strong points of Chinese medicine and Western medicine and apply them accordingly. In the process of continuously promoting the curative effect, we should gradually learn some internal laws. We should build several key bases for studying the combination of Chinese and Western medicine, organize a definite force, apply modern science to the study of the basic theories of Chinese medicine and establish the theoretical basis for developing our country's new medicine. Thirdly, in our medical education we should also implement the policy of combining Chinese and Western medicine and foster more talents for combining Chinese and Western medicine.

Accelerating the pace of integrating Chinese and Western medicine is a major event in prospering and developing medical science and realizing the modernization of medical science. In terms of orientation, we must be resolute. In terms of academic work, we must let a hundred schools of thought contend, persevere in the "three no's" and give full prominence to academic democracy. Only in this way can we reach our scheduled goal more speedily.

IV. The Key Lies in Strengthening the Building of the Health Rank

In modernizing medical and health work, which actually should play the leading role--personnel or facilities? We believe that the leading role is played by the personnel who master advanced medical science and technology and who are good at carrying out scientific management. We do not deny the important role of technological facilities in modernization. But all technological facilities are researched, manufactured and produced by men and are mastered and used by men. If we do not raise the technological level and management level of men, if we do not integrate men with technological facilities, then, even though we may have advanced technological facilities, we cannot bring their role into full play, or even bring their role into play at all. We may even bring about losses and waste. These are common occurrences.

In the present situation the extent of modernization of our available facilities is indeed very low. Still, the more prominent problem is that the professional and technological level of our rank is low, the management level of our leadership is low, and our quality of work and efficiency in work are low. Investigations show that around 40 percent of the people in the health technological cadres rank have insufficient professional training and very poor foundations. A considerable number of leading cadres of medical and health organs at various levels are not familiar with or not too familiar with their profession. Changing such a situation and accelerating the training of technological and management personnel has become the pressing and key matter in our modernization of medical and health work.

First of all, we should strengthen the building of leading groups at various levels. At present we must especially solve the problem of how to enable the leading cadres to change from nonprofessionals into professionals. Medical and health work is a highly technical work and must be led by specialists who are familiar with their profession. We should try our best to identify those technical specialists who express themselves well politically and who show ability in leadership and management and select them for the leading posts of health organizations at various levels. As regards those leading cadres who are not familiar with their profession, we should actively create conditions to assist them to change from nonprofessionals into professionals, to learn how to act according to medical scientific and technological laws and economic laws and to learn scientific management as swiftly as possible. Whether we can accomplish this point is an important indication of whether our cadres are enthusiastic about the four modernizations and whether they have shifted the focus of their work to the modernizations. Thus, we must emancipate our thinking, correct our ideology and line, boost our revolutionary spirit and catch up with the times; we must emancipate our thinking from its rigid or semirigid state and must not stick to old ways, attempt nothing and accomplish nothing and willingly play the role of nonprofessional. Otherwise, all will be empty verbiage.

To strengthen the building of the health rank, we must also strengthen the training of medical and health technicians. The school is the base for fostering talents. Only by running the medical institutions well can we foster a sufficient number of qualified technicians and continuously consolidate and expand the health rank. Health departments at various levels must regard running medical institutions well as a major issue that concerns a project of vital and lasting importance and must grasp the task conscientiously. At the same time, we must vigorously grasp well the fostering and promoting of personnel at their posts. As regards those new hands who have taken part in work since the Cultural Revolution, we should adopt practicable measures to aid them in making up their basic theoretical and technical lessons and carry out strict training in basic skills to enable them to handle their work efficiently. The technical core should also be raised continuously and be enabled to properly succeed the veteran specialists and bring into play their role of inheriting the past and ushering in the future. We should also strengthen ideological and political work, establish and perfect the system of professional assessment, promotion, appraisal and reward, encourage and inspire medical and health personnel to study and endeavor to gain professional skills, raise their quality of medical treatment, improve their style of medical treatment and erect the thinking of serving the people wholeheartedly.

Strengthening the work of training and promoting barefoot doctors is an important component part in the building of the health rank. Barefoot doctors form a health rank that is not divorced from production and should not be relieved from production as nonproductive personnel. In accordance with the party's rural economic policy and the economic level of various rural areas, we should rationally solve their problems of workpoint remuneration and subsidy so as to enable them to settle down and serve the masses with ease. We must carry out rotational training in a planned manner and at different intervals and in different groups, continuously raise their skills and enable some of them to reach the technical secondary school level as swiftly as possible.

At present the focus of our work is to grasp rectification work well and, through rectification on a wide scale, bring about all-round promotion and carry out key constructions, so as to enable the work of the medical, health, scientific research and educational units at various levels to reach or surpass all-time highs in a relatively short period of time and to score new and greater achievements in reducing the incidence of all kinds of diseases as well as the natural growth of the population. As long as the broad ranks of cadres and medical and health personnel bear in mind at all times the needs of the people and conscientiously do a good job in accordance with the request of the party Central Committee and the State Council, we will definitely triumphantly realize the modernization of our country's medical and health work.

9335

CSO: 4004

THE ORIGIN OF THE CRITICISM AGAINST 'TWO COMBINE INTO ONE'

Beijing RED FLAG in Chinese No 10, 2 Oct 79 pp 64-69

[Article by Fan Ruoyu [5400 5387 1946]]

[Text] Editor's note: Concerning the question of "two combine into one," surely everyone can have an opinion and launch an academic discussion accordingly. However, when this question was raised, that "theoretical authority" of Lin Biao and the "gang of four" indulged in conspiracies and tricks to deceive the higher as well as lower levels. He arbitrarily turned this question into a political question, engineered an unjust political case and caused Yang Xianzhen and other comrades to suffer injustice and political persecution over an extended period of time. In the conspiratorial activity in which that "theoretical authority" ganged up with Chen Boda to concoct this unjust political case, this journal once published, under the signature of "Reporter," an article entitled "A New Polemic on the Philosophical Front," in which it manufactured many charges and resorted to many slanderous and untrue phrases against Comrade Yang Xianzhen, creating extremely adverse effects. In order to expose the conspiracies and tricks of that "theoretical authority" and to redeem this journal from the bad influence it created, we are specially publishing this article by Comrade Fan Ruoyu.

A fine old saying goes like this: "We urge you : to indulge yourself in even a small trick, for everyone will recognize it; and we urge you not to indulge yourself in any selfish end, for everyone will learn about it." Conspiracies and intrigues, self-deceptions and deceptions can only prevail for a while. But in the end it will be difficult for them to escape the punishment of history. The destiny of that "theoretical authority" who indulged exclusively in conspiracies and intrigues is no exception.

On 31 May this year, GUANGMING RIBAO published "A Reassessment of the 'Polemic' on the Question of 'Two Combine Into One.'" On 21 August, RENMIN RIBAO published "The Criticism Against 'Two Combine Into One' Is an Unjust Political Case." These two articles basically exposed how that "theoretical authority" made use of this academic question of "two combine into one" to carry out political persecution against Comrade Yang Xianzhen. When the criticism of "two combine into one" began, I saw some of the events that took place. After the "gang of four" had been toppled, I realized something which I had not realized before. In particular, "if I want to speak about others, I should first speak about myself." At that time I followed the verbally delivered program of that "theoretical authority" and made the mistake of writing a report to "criticize" Comrade Yang Xianzhen politically. Thus, I feel that it is all the more my duty to reveal what I knew about the situation.

How Did the Discussion on "Two Combine Into One" Begin?

To explain a complicated situation one has to begin from the beginning. Around April and May 1964, students of the central party school were studying philosophy. In his lecture, Comrade Li Ming [7812 2494], lecturer of the philosophy teaching and research section, said: "The law of the unity of opposites embodies the question of 'one divides into two' as well as the question of 'two combine into one'; in the past we have talked a great deal about 'one divides into two' and too little about 'two combine into one.' You can all do some research and write some articles in respect to the latter." Some students expressed their agreement with this, while others expressed disagreement. Discussions were held, and the leadership was asked to make known its position. For the sake of discretion, the party committee of the party school twice commissioned me to seek instructions from that "theoretical authority" (at that time, due to our relations in work, I was living with that "theoretical authority").

Around the middle of May I submitted my first request for instruction: "Is there the question of 'two combine into one' in the law of the unity of opposites? Is the formulation of 'two combine into one' correct or not?" He instructed: "Li Ming says that there is the question of 'two combine into one' in the law of the unity of opposites. But I have no idea what 'two combine into one' implies and cannot judge whether it is correct or not." Since he says that in the past we talked too little about 'two combine into one,' this shows that the issue was discussed. Li Ming could not be the first one to talk about it. Who, then, was the first one to discuss it? We should find out about this matter." He was implying that Comrade Li Ming and others were spokesmen for Comrade Yang Xianzhen.

On 29 May, GUANGMING RIBAO published the article "'One Divides Into Two' and 'Two Combine Into One,'" written by Comrades Ai Hengwu [5337 1854 2976] and Lin Qingshan [2651 7230 1472]. My second request was: "Can

we not judge whether 'two combine into one' is correct in accordance with the content of the article by Ai and Lin?" He instructed: "Since the article by Ai and Lin has been published in the newspaper, philosophical circles will surely carry out discussions. Through discussions they will naturally arrive at some conclusion. The leadership of the party school need not make known its position hastily. Some people say that 'two combine into one' was first put forth by Yang Xianzhen. Are there transcripts of speeches or records? We should look into this!"

At first the students of the party school could either agree or disagree with the formulation of this academic question of "two combine into one"; but since the party school is a teaching organ, the students, in order to unify their understanding, asked the leadership to make known its position. Under the circumstances, the school's party committee asked for instruction from the higher level. This was normal practice. Now that I recall, in his two instructions that "theoretical authority" only evaded an answer to the question of whether the formulation of the academic question of "two combine into one" was correct. In his first instruction he wanted to find out who first put forth "two combine into one." In his second instruction he wanted to find evidence of Comrade Yang Xianzhen's discussion in "two combine into one." His two instructions did not answer what we asked. This showed something abnormal. But at that time I did not realize that, prior to the party's school request for instruction, he was already engaged in numerous abnormal activities.

How Could the Article "'One Divides Into Two' and 'Two Combine Into One'" Be Published?

The article by Ai and Lin was recommended to GUANGMING RIBAO by Comrade Li Ming (who was once a reporter for GUANGMING RIBAO). The final proof was submitted to that "theoretical authority" to be checked and approved. At a meeting held on 24 July 1964 to discuss and criticize the "orientation and procedure" of "two combine into one," he said: "When I read the article (referring to the article by Ai and Lin), I thought: they must be spokesmen for Yang Xianzhen." On 21 September 1966, at the Cultural Revolution joint meeting of party schools, he said that "GUANGMING RIBAO was the first to discover that something was wrong with 'two combine into one.'" This was what happened: The philosophy teaching and research section of the party school wrote an article and submitted it for publication to the philosophy column of GUANGMING RIBAO. GUANGMING RIBAO discovered that something was wrong. However, some people did not think so. There was a debate. It was later found out that the article came from the party school, which held that nothing was wrong and wanted to publish it. GUANGMING RIBAO got the final proof ready and gave it to me to read. On reading it I found that something was wrong and told GUANGMING RIBAO that manuscripts of this nature should all be withheld from publication."

If the activities of that "theoretical authority" were normal, then why, since he had read the final proof of the article by Ai and Lin and had

discovered that something was wrong, did he profess ignorance and tell the party school that he "could not understand" the implication of "two combine into one" and "could not judge whether it was correct"? Even if he had not read the final proof when the party school asked him for instruction, why did he, after reading the final proof, express his opinion to GUANGMING RIBAO, which was not directly under his leadership, while at the same time hide the truth from the party school, which was directly under his leadership? More importantly, since he had already told GUANGMING RIBAO to "withhold from publication" the article by Ai and Lin, then why was the article published later on?

"There are living ghosts beside dead men." So, Guan Feng [7070 6912], the trusted follower of that "theoretical authority," had also read the final proof of the article by Ai and Lin and told the people of the "antirevisionist philosophy group" that the article was "a big poisonous weed and a big fish!" At the meeting on 24 July that "theoretical authority" said that "that 'antirevisionist philosophy group' of Guan Feng strongly opposed" the article by Ai and Lin. From this we can see that, when GUANGMING RIBAO later decided to publish the article by Ai and Lin, its aim was to catch the "big fish." This was the first step in the conspiratorial activity of that "theoretical authority."

How Did the Article "'Two Combine Into One' Is Not a Dialectical Method" Come To Be Published?

On 5 June 1964, that is, 7 days after the publication of the article by Ai and Lin, GUANGMING RIBAO published an article entitled "'Two Combine Into One' Is Not a Dialectical Method." That "theoretical authority" pointed at this article and happily said to others: "Sima Yi is quick in response!" So it turned out that the author of this article was present when Guan Feng pointed to the final proof of the article by Ai and Lin, saying that it was a "big fish." I cannot haphazardly guess the motive of the author himself in responding so quickly with his article. But as for that "theoretical authority," I can say with grounds that this was a trap that he had long set up.

The final proof of the article "'Two Combine Into One' Is Not a Dialectical Method" was sent personally by the former responsible comrade of GUANGMING RIBAO to that "theoretical authority" to be checked and approved. After he had read the final proof, he looked at that comrade and said: "On the whole the article is all right, but there is a problem.... Further on in his article (the author) proposes the formula: From 'one divides into two' within a unified object we progress to 'one divides into two' of a unified object. New things will appear, and again 'one divides into two' within a unified object will progress to 'one divides into two' of a unified object. I have not studied this aspect. I want the author to consider whether he is certain of this; if not, he can delete this part. There will be trouble if other people seize on our shortcoming." So, that "theoretical authority," who often seized on

other's shortcomings, was aware that "there would be trouble if other people seized on his shortcoming"! We can see that this article was checked, approved and revised by him.

At that meeting on 24 July that "theoretical authority" said: "GUANGMING RIBAO sent me the final proof of the article "'Two Combine Into One' Is Not a Dialectical Method," together with the newspaper of 29 May (Note: the day the article by Ai and Lin was published). I asked them to publish it without delay. On 5 June (Note: the day of publication of the article), at the modern drama festival, I asked Jiang Qing to send it to the chairman." From that point on he waved the banner of Chairman Mao to deceive the higher and lower levels and confused this academic question of "two combine into one" with the political question. On 12 July he said to the former responsible comrade of GUANGMING RIBAO: "What I like is confusion all over the world! At present GUANGMING RIBAO publishes only one issue (of the philosophy supplement). This is not enough! We can publish more issues and put out additional issues." Although the article "'Two Combine Into One' Is Not a Dialectical Method" did not go beyond the realm of academic discussion, that "theoretical authority" made use of this article as a preparatory step to confuse an academic question with a political question. Just as he said later, in the beginning "he would consciously carry out an academic struggle" to "first of all arouse everyone to speak up." Then he would "develop" the academic question into a political question. Publication of the article "'Two Combine Into One' Is Not a Dialectical Method" was the second step of the conspiratorial activity of that "theoretical authority."

What Was the Purpose of the Article "A Discussion With Comrade Yang Xianzhen on the Question of 'Two Combine Into One'"?

Not long afterward, pressed by that "theoretical authority," the party school found the notes which Comrade Yang Xianzhen had used in a lecture at the Xinjiang class on 3 April 1964. These lecture notes came under the heading of "We Must Learn How To Grasp the Law of the Unity of Opposites in Doing Our Work and Respect the Dialectical Method in Actual Work." In his lecture he talked about the question of "two combine into one." That "theoretical authority" finally got hold of the "criminal evidence" of Comrade Yang Xianzhen and felt that he could "solve" the problem of Comrade Yang Xianzhen. He said to me: "The party Central Committee wanted me to be in charge of the party school. But the affairs in the Cao Camp are very difficult to handle! In the past I could not solve the problem of Yang Xianzhen, because there were still many people at the higher level who would speak up for him!" The veteran cadres of the party school all knew that it was not that the affairs of the party school were very difficult to handle, but that the affairs of that "theoretical authority" were very difficult to handle! Not only were his affairs in the party school very difficult to handle, but his affairs in other units, as long as he poked his nose into them, also became very difficult to handle.

In accordance with the plan and procedure of that "theoretical authority," on 17 July 1964 RENMIN RIBAO published an article entitled "A Discussion With Comrade Yang Xianzhen on the Question of 'Two Combine Into One.'" This was an article of criticism drafted by the theoretical department of RENMIN RIBAO on the orders of that "theoretical authority" to attack Comrade Yang Xianzhen's lecture notes. He personally presided over the discussion and revision of this article. I took part in this discussion and revision. In the Cultural Revolution, that "theoretical authority" used this article to further persecute Comrade Yang Xianzhen. In several of his talks at the central party school he openly revealed the truth of the matter:

On 27 August 1967, mentioning this article, he said: "I presided over this article. The reason I used the signatures of Wang Zhong [3769 0022] and Guo Peiheng [6753 0160 5899] was that they were working at the Xinjiang class, where Yang Xianzhen talked about 'two combine into one.'"

On 5 September of the same year, in connection with this article, he said: "It is not a random matter to publicly criticize a member of the party Central Committee in a party newspaper. This in itself is a political criticism against Yang Xianzhen."

On 5 November 1966, mentioning this article, he said: "After the struggle against 'two combine into one' in 1964, this question became more public. In the beginning it was like an academic struggle. We also consciously carried out that struggle for a while so as to arouse everyone to speak up. Later on we criticized Yang Xianzhen by name and made it a political issue. With this struggle, Yang Xianzhen was toppled."

In the Cultural Revolution, whoever ruthlessly persecuted veteran cadres was rendering a deed for Lin Biao and the "gang of four." The primary responsibility for persecuting Comrade Yang Xianzhen belonged to that "theoretical authority." He often lied, yet, in order to display his service shamefully, at this point he even spoke the truth. This was precisely what happened: He also presided over the article that criticized Comrade Yang Xianzhen by name; criticism by name was his conscious act of turning an academic issue into a political issue; criticism by name in itself was an attempt to criticize Comrade Yang Xianzhen politically; and with this political criticism, Comrade Yang Xianzhen was "toppled"! Although this first article that criticized someone by name was not an obvious and direct political criticism, that "theoretical authority" made it very clear that criticism by name in itself was a political criticism. This article was the third step in the conspiratorial activity of that "theoretical authority."

How Did They Set the Tone for the Article "A New Polemic on the Philosophical Front"?

At a meeting on 23 September 1964 that "theoretical authority" announced: "We must carry out discussion on 'two combine into one' in an organized, planned and systematic manner." Later on he said: "After the criticism by name in RENMIN RIBAO, we should gradually develop toward the political aspect. The next step will be to carry out political criticism in RED FLAG." So, according to his plan and procedure, the article entitled "A New Polemic on the Philosophical Front," by the "journal's reporter," was published in issue No 16 of the 1964 RED FLAG.

This RED FLAG article said: "Just as our party was strengthening the propaganda on the revolutionary dialectical method of 'one divides into two,' Comrade Yang Xianzhen, on the contrary, talked vehemently about the so-called theory of 'two combine into one' and put on a rival show against the party." "To observe the relationship among the various classes in society in accordance with the theory of 'two combine into one' advocated by Comrade Yang Xianzhen, we will inevitably write off class boundaries, cancel the class struggle and bring about the theory of class conciliation." "To vehemently propagate the theory of 'two combine into one' at this point, Comrade Yang Xianzhen is consciously conforming to the needs of modern revisionism and assisting the modern revisionists in propagating peace among the classes, class cooperation and the theory of compromise among contradictions. At the same time, he is also consciously conforming to the needs of the bourgeoisie and remnant feudal forces at home and providing them with the so-called 'theoretical' weapon to resist the socialist education movement." Furthermore, the article also accused other comrades of "defending 'two combine into one.'" The labels which this article put on Comrade Yang Xianzhen and other comrades were all products of the "hat" factory run jointly by that "theoretical authority" and Chen Boda.

In early August 1964, at a meeting presided over by that "theoretical authority" and Chen Boda, an outline of the article was drawn up in accordance with the argument that "'two combine into one' is a theory of class conciliation advocating 'combining into one' Marxism and revisionism, 'combining into one' the proletariat and the bourgeoisie and 'combining into one' imperialism and colonialism." At that time I had not yet gone to work for RED FLAG and therefore did not take part in drawing up the outline setting a political tone for "two combine into one." Later on, when RED FLAG drafted the article on the basis of this outline, I did take part in the work. However, in the Cultural Revolution, when that "theoretical authority" persecuted me, he said that I "actually harbored while appearing to criticize" Comrade Yang Xianzhen, and he brought the "charge" of "implementing Yang Xianzhen's counter-revolutionary revisionist line" against me. Practice is the only criterion for testing the truth. I could not possibly have implemented a line which never existed in this world. But, as regards the question

of Comrade Yang Xianzhen, I did implement the ultraleft line which that "theoretical authority" pushed!

I have already mentioned the question of the tone of the RED FLAG "reporter." I can further point out that even the name of "reporter" was designed by that "theoretical authority." At that time some people suggested publishing the article under the signature of the "journal's commentator." He shook his head and said: "For the standard of the article, the name 'commentator' carries too much weight." Others suggested publishing the article under the signature of "the journal's correspondent." He again shook his head and said: "If we use the signature 'journal's correspondent,' then people will think that this is the viewpoint of an individual correspondent and does not represent RED FLAG. It will carry too little weight." Finally, he designed this signature which did not carry too little or too much weight: "the journal's reporter"! That RED FLAG article basically completed his plan of creating an unjust political case. This was the fourth step in the conspiratorial activity of that "theoretical authority."

What Do I Have To Expose on the Question of "Two Combine Into One"?

As I said above, what I expose are the several key steps in the conspiratorial activity which that "theoretical authority" initially launched in his criticism against "two combine into one." He turned the normal discussion of "two combine into one" which the students of the party school carried out in study into a large-scale tempestuous criticism, and he turned an academic and theoretical question into a political question. Of course, a theoretical question is related to a political question, and one cannot be separated entirely from the other. Conforming to the needs of Lin Biao and the "gang of four" in usurping party and state power, every so-called "theory" which that "theoretical authority" concocted was an out-and-out political question. However, a theoretical question should be distinguished from a political question, and one should not be equated with the other. In evaluating and discussing people and events relating to a theoretical question and a political question, we must practically and realistically carry out concrete analysis and must not, without grounds or analysis, turn anyone's theoretical question into a political question. Furthermore, we must not permit the use of a discussion on a theoretical question to carry out a political frameup.

What I expose is the conspiracy that "theoretical authority" was engaged in, which did not involve the academic and theoretical discussion of "two combine into one." Conspiracies must be exposed, while discussions on different academic opinions should be carried out. To date some comrades have read over 300 speeches and records of comments by that "theoretical authority," but they have not been able to find any academic and theoretical criticism against "two combine into one." I mentioned above that he discussed with the former responsible comrade of GUANGMING RIBAO the

question of "the formula of one divides into two within a unified object." One can say that he managed to touch on theory in a way. But then he immediately stated that "I have not studied this aspect." As regards "two combine into one," people noted that he only once expressed his opinion on the theory, which was that "he did not study it." And people could not find even one opinion of his on what he had studied. He did not need to study theory. All he studied was how to resort to conspiracies and intrigues! His criticism of "two combine into one" shows that he is a true conspirator who is used to engaging in conspiracies. It also shows that he is a false "theoretical authority" who never studies theory. Here I would like to conclude by alluding to a few lines of classical poetry--

Why should we ask:

Who is true--Lord Zhou or Wang Mang? Can we not tell from how they live?

So it is said that:

When falsehood passes for truth, then truth becomes falsehood; and when one indulges in falsehood, one ends in the same manner!

9335

CSO: 4004

IN MEMORY OF CHAIRMAN MAO'S TALK TO MUSICAL WORKERS

Beijing RED FLAG in Chinese No 10, 2 Oct 79 pp 68-70

[Article by He Luting [6320 4845 3060]]

[Text] Chairman Mao's talk to musical workers has been published. It was 23 years ago, but it seems only yesterday. I remember clearly that I was sitting next to him. Over 2,000 musical workers lined up outside Huairan Hall, and several of our responsible persons in the field of music entered to ask him to have his picture taken with the group. He sat under a window in the small room in the northeast corner of the hall, and those present included Premier Zhou, Commander in Chief Zhu, Comrades Chen Yi, Zhou Yang and Xia Yen, and several of us in the field of music. I thought that he was only going to say a few words and go out to have his picture taken. Therefore, I rashly interrupted while he was talking. But when he continued to speak, I began to regret my interruption.

Prior thereto, the Ministry of Culture, during Music Week, had frequently called together some of the leading cadres in literature and art for forums on the national form of literature and art. We discovered in Chairman Mao's talk this time that he had read all the records of our discussions, for what he discussed was the issues which had been disputed at the forums.

None of such proletarian revolutionary teachers as Marx, Engels, Lenin and Stalin published any special discourse on music; only Chairman Mao made such a brilliant exposition on the issue of music. Under his dialectical materialist analysis, the issues in the field of music which had been disputed endlessly became clarified. Rereading the talk today after more than two decades, I have all sorts of feelings. Some musical workers have paid no heed to Chairman Mao's words, and some of the old issues are still disputed today.

The main content of Chairman Mao's talk to the musical workers was the issue of the national form. On this issue he went into minute detail and discussed it repeatedly. He said: "In music we may adopt rational foreign principles and use foreign instruments, but we must always have

national features; we must have our own unique style and fly our own colors." He also clearly pointed out: "In culture, to reject or assimilate foreign things as a whole is wrong." He then said: "This is not 'Chinese learning as the main body; Western learning for our use.' 'Learning' refers to basic theories, which are identical here and abroad, and there should be no distinction between Chinese and Western." Thus, he opposed closed-doorism as well as dogmatism. Yet in the disputes over many years in the field of music in China, the issue of national music has been at the center of a long controversy. Many people claim that they, themselves, pay the most attention to national music, and others are national nihilists, worshipping the foreign blindly. Therefore, "national music" can serve as a club. People seize upon one word or one phrase and make a big issue out of it, affixing labels and beating with the club. Naturally, this is not academic discussion, and the issue remains unsettled for a long time.

As everyone knows, ever since nations appeared in the world, national forms in literature and art came into being. We must not feel that only China's national music has a national form. Meanwhile, ever since nations appeared in the world, the exchange of national cultures came into being. Exchange will not only not destroy national music but will promote its development. The Sui and Tang dynasties were the period of prosperity for China's music and culture. This prosperity was not a result of rejecting foreign music but of incorporating things of diverse natures. As has been proved by ancient and modern factual cases, rejecting cultural exchange and promoting closed-doorism means that national music will not flourish.

Let us look at the world's great masters of music. Norway's Grieg was a world-famous master of national music, yet he was a graduate of Germany's Leipzig music conservatory. Glinka, the founder of Russia's national music, studied with an English composer at first and later went to Italy and Germany to study. Bartok and Kodaly, Hungary's masters of national music, were both experts in classic and modern European musical culture. That they could become world-famous masters of Hungarian national music was precisely due to their expertise in the progressive musical theories and techniques of the most recent 300 years in Europe and their ability to study and arrange Hungary's musical culture by applying such expert knowledge. This was the basic reason for the great development of Hungary's musical culture under their efforts. In his talk to the musical workers, Chairman Mao stressed this point repeatedly.

Nevertheless, from the thirties on, "leftwing" closed-doorism and sectarianism on this issue raged in the field of music, leading to many disputes. The Shanghai Music College, formed in 1927, was the only school to truly introduce Europe's modern musical culture. Its faculty and students wrote some anti-Japanese patriotic songs during the resistance war. However, certain leading comrades, influenced by Wang Ming's "leftwing" line, did not give them the proper encouragement and

help in their fervor to resist Japan and save the nation, but, contrary to reality, censured them. This created an unfavorable effect in the field of music in the national united front. Such "leftwing" closed-doorist and sectarian feelings existed for a long time. After liberation, dogmatism and mediocre sociology again developed. My article "On Musical Creation and Criticism," published in PEOPLE'S MUSIC in 1954, encountered an organized attack from the field of music. A sort of public opinion was created in society which considered me a general representative of blind worship, national nihilism and bourgeois musicians. I was accused of having a simplistic technical viewpoint, of being divorced from politics and from life. Only the many meetings sponsored by Comrade Chen Yi in the spring of 1956 brought a temporary abatement of the struggle and, subsequently, the National Music Week and Chairman Mao's talk to the musical workers. Chairman Mao had to personally bring to an end the long controversy on the issue of music.

Chairman Mao had a profound knowledge of the historical pattern of the development of national music. He was both thorough and vivid in his talk when discussing the principle of "assimilating some foreign things and pursuing our own creation." He said: "Being Chinese, we must promote China's national music. But the army band cannot limit itself to the suona [woodwind horn] and huqin [two-stringed instrument]. It is like the army uniform: we have to wear the present style of uniform, not the short gowns with the word 'courage' written in front and back. This is not the way of nationalization. Musical instruments are tools. Naturally, the quality of the tools makes a difference, but only how to use the tools is fundamental." He also said: "It is all right to be neither donkey nor horse. The mule is neither donkey nor horse. The combination of the donkey and the horse will change the form. It cannot remain completely unchanged.... In the past, some people worked on the eight-part essay, which lasted 500 or 600 years. It is not good for the form to remain the same everywhere. For women to wear the same style of clothes as men is something which cannot last long. In one period after the victory of the revolution, women applied no cosmetics, which signified a change in mood and revolution. It was good, but it could not last. Variety is preferable." He clearly indicated that, as regards foreign things, as long as they are useful they should be assimilated, digested, reformed and used. We must admit that Europe's culture and science of the most recent 300 years is bourgeois culture serving the bourgeoisie. However, proletarian culture, including Marxism, came from the critical inheritance and development of all culture created by mankind, and music is no exception. In the past 300 years, with the development of the bourgeois culture, there have appeared many great composers, vocalists, musicians and musical theorists and all kinds of musical creations. The manufacture of musical instruments has also reached an unprecedented height. All these constitute an extremely valuable asset in the musical culture of mankind. We must not fear foreign things but must critically inherit them, using them to build and develop our own modern musical culture.

Nevertheless, when we learn foreign things, just what constitutes critical assimilation of the useful elements, rather than copying, i.e., "making the foreign serve the Chinese," as constantly discussed by us, is not only a theoretical issue but more importantly a practical one. Take the national orchestra, for instance: We must not start from the form, but must proceed according to the characteristics of our national musical instruments. That foreign orchestras have 70 or 80 musicians does not mean that we must also follow suit. That they have violas and cellos does not mean that we must also have Chinese violas and cellos. However, in terms of sound, our musical instruments are far inferior to their viola and cello. Then, why don't we simply use the cello? We must not think that our national musical instruments have always been Chinese since ancient times, for in fact, the huqin, the pipa [plucked string instrument] and the suona all came from foreign countries. Some people say that my views are "the theory of musical instruments as tools" and national nihilism. In his words cited above, Chairman Mao clearly affirmed that "musical instruments are tools," and he asserted that "only how to use the tools is fundamental." Is it conceivable that musical instruments are not tools to perform music but things for viewing? If we say that a cello on the stage is "national nihilism," then will it not be more appropriate to say "see music" rather than "listen to music"? Just like the importation of the huqin, the pipa and the suona in ancient times, adding the cello to the national orchestra will merely be a case of introducing a foreign thing for our use and will not turn our music into "nihilist" national music. Chairman Mao put it very aptly: "If we can digest and assimilate the good points, foreign music will be beneficial to us."

Twenty-three years have passed. Publication of Chairman Mao's "Talk to the Musical Workers" today is of extremely profound significance in the modernization of China's culture and science and of even greater significance for our musical workers. Reviewing Chairman Mao's words and recalling the tortuous path followed by China's musical work for several decades, I feel deeply that purging the evil influence and rectifying the ideological chaos created by the long ultraleftwing trend still requires us to learn the spirit of the party's third plenary session, continue to liberate our minds and courageously shatter all kinds of spiritual shackles. Naturally, we must recognize the excellent situation and have full confidence. Smashing the evil "gang of four" has cleared away the obstacle to the development of our musical enterprise. The new force of the younger generation is in the process of growing and maturing. This is a most encouraging phenomenon. Let us conscientiously study Chairman Mao's talk, correctly summarize the lessons of historical experience, unite and look forward, and, with one heart and one mind, make contributions to transforming the backwardness of China's music and realizing the four modernizations!

6080

CSO: 4004

IS THERE NO CLASS STRUGGLE AMONG THE PEOPLE?

Beijing RED FLAG in Chinese No 10, 2 Oct 79 pp 71-73

[Article by Zhou Kang [0719 2123] and Cheng Qihua [4453 4860 5478]]

[Text] In his government work report, Premier Hua Guofeng made an accurate assessment and analysis of the current situation of the classes and of class struggle in China: China's landowner and rich peasant classes have vanished, and the capitalist class no longer exists, but vestiges of the old exploiting class and certain remnants of the "gang of four" still remain and will continue to uphold the reactionary standpoint and pursue antisocialist political and economic activities. The influence of bourgeois and feudal ideologies will remain among the people for a long time to come. For this reason, Comrade Hua Guofeng urged us to continue the class struggle correctly in the economic, political and ideological realms while pursuing the four modernizations and vigorously developing the social production force. Everyone conscientiously grasped his discourse on classes and the class struggle and brought up some theoretical issues requiring discussion, especially the issue of "whether there is class struggle among the people," which is very controversial. Some comrades feel that there is no class struggle among the people in China today and that if we affirm that there is it will lead to the error of expanding it. Others feel that class struggle does exist among the people and that to deny this point will lead to the erroneous theory of the extinction of class struggle. To explore this issue together, we wish to express our superficial views.

We feel that, if we agree with Comrade Hua Guofeng's view that the class struggle exists today in the economic, political and ideological realms in our country, then such class struggle definitely does not manifest itself only in contradictions between ourselves and the enemy, but also inevitably in contradictions among the people; if we admit that "the influence of bourgeois and feudal ideologies will remain for a long time to come," then we must admit that such ideological influence of the exploiting class is the class struggle in the ideological realm. Therefore, the categorical conclusion that "no class struggle exists among the people" is incompatible with the practical situation and is an inaccurate assessment of the current situation of China's class struggle.

We feel that, of the many kinds of contradictions among the people, many do not constitute class struggle, such as the advanced and the backward in understanding, different schools of thought in the academic field and different styles in art. However, class struggle and its influence still exist among the people. Then, will acknowledging the existence of class struggle and its influence among the people lead to the expansion of class struggle? No. Let us look back for a moment: What was Lin Biao and the "gang of four's" main trick to expand class struggle and promote a feudal fascist dictatorship? Was it by affirming the existence of class struggle and its influence among the people? Obviously, this was not the issue. On the issue of class struggle, Lin Biao and the "gang of four" created confusion mainly on two points: (1) They made an exaggerated and distorted assessment of China's current class situation. In the sixties, China's landowner class had vanished, and the bourgeoisie basically no longer existed, yet Lin Biao and the "gang of four's" adviser asserted that, in the transitional period, classes would exist "from beginning to end" (indicating that all classes would exist from beginning to end). Subsequently, Zhang Chunqiao driveled that "when one bourgeois fortress is destroyed, another will arise." According to their viewpoint, the bourgeoisie will exist forever. As proved by the objective facts of more than two decades, the absolute majority of the exploiting class possessing labor capacity has been reformed into self-supporting laborers, and only a very few diehards still stubbornly adhere to the reactionary standpoint and pursue antisocialist activities. However, Lin Biao and the "gang of four" and their adviser misquoted Lenin's 1918 discourse on the sharp and violent class struggle in the Soviet Union and external armed interventions and internal counterrevolutionary rebellions, claiming that the overthrown bourgeoisie would, with a tenfold effort and a hundredfold hatred, struggle desperately, attempting to recapture their lost "paradise," etc. Starting from the need to usurp the party and seize power, they even declared that not only would the exploiting class in society remain from beginning to end, but a bourgeoisie existed within the party. (2) Lin Biao and the "gang of four" indiscriminately and categorically labeled the contradictions among the people as "class struggle," regarded such contradictions as those between ourselves and the enemy and vigorously promoted a feudal fascist dictatorship. We all remember that Lin Biao, in his talk on 18 May 1966, vigorously declared that "political power is the power to suppress." The "gang of four" wantonly advocated "total dictatorship" in the ideological realm. They willfully capitalized on the vulnerable points of a certain comrade and falsely asserted that his problems constituted class struggle, contradictions between ourselves and the enemy, and counterrevolution. Given such ultraleftwing counterrevolutionary public opinion, which turned the enemy and ourselves upside down, the broad ranks of cadres and the masses suffered an unprecedented calamity. Concrete instances are innumerable. Pinpointing Lin Biao and the "gang of four's" disruption and sabotage, Comrade Hua Guofeng in his government work report proposed two important policies on the issue of China's current class struggle: First, admit that class struggle has not ended, and admit that no large-scale

stormy mass class struggle will be necessary or proper hereafter. Next, admit that the contradictions between ourselves and the enemy and those among the people still exist in socialist society and strictly distinguish and correctly handle the two categories. These two important policies serve as a summation of the lessons of experience in China's long class struggle as well as the means, pinpointed at Lin Biao and the "gang of four," to bring order out of chaos. We must not, because of Lin Biao and the "gang of four's" ultraleftism, swing to the other extreme and be afraid to admit the objectively existing class struggle and its influence among the people, as if such an admission would turn the contradictions among the people into contradictions between ourselves and the enemy and lead to the error of expanding the class struggle.

There are two crucial issues in the dispute over whether there is class struggle among the people. First, the people are under the ideological influence of the exploiting class. Is our struggle against such influence a class struggle? Some people feel that it is not. However, Lenin said long ago: The proletarian dictatorship is a tenacious struggle against the forces and traditions of the old society. The many forms of class struggle include peaceful, educational and administrative struggles. He was referring to the struggle within the people against the various ideological influences of the exploiting class. How can we not admit that this is a kind of class struggle among the people? Naturally, we feel that it is a reflection of class struggle among the people, which can also be called class struggle in the ideological realm, but we definitely must not, like the "gang of four," categorically consider it a contradiction between ourselves and the enemy and handle it as counterrevolution. On the contrary, we must stress the distinction in degrees and conditions and correctly handle such contradictions among the people.

Currently the ideological influence of the exploiting class, i.e., the world philosophy of the feudal landowner class and the bourgeoisie, largely manifests itself among the people as general ideological issues, such as seeking trivial advantages, haggling over personal benefits, lack of discipline, arrogance, being finicky, bureaucratic habits, etc. Excessive punishment for such ideological problems is erroneous. As our new society originated from the old society, no one can avoid some traces of the old society, and this can be solved only by means of patient and meticulous ideological work and in accordance with the formula of "unite--criticize--unite." However, we must also make the erring comrades realize that the source of their problems is the ideological influence of the exploiting class. If vigilance is relaxed, they may fail to withstand the further corrosion of the exploiting class ideology, commit this or that kind of serious errors in their actions and develop to the extent of violating law and discipline. For instance, some people commit petty thefts, take more than their proper share, make mistakes in their living style, etc. This type of contradiction should

not be overlooked but must be solved by criticism and self-criticism or proper ideological confrontations. We must uphold the policy of "clarifying ideology; rallying the comrades." Is it not necessary for us to look squarely at such contradictions of the class struggle or its influence and enable the erring comrades to recognize in themselves the full reflection of the ideological influence of the exploiting class and the class struggle in the ideological realm and to sober up? We realize that their errors are the result of the class struggle and its influence among the people, and we absolutely do not struggle against the erring comrades as enemies, but act according to Comrade Mao Zedong's words in "On the People's Democratic Dictatorship": "Educate and reform ourselves by democratic methods, free ourselves from the influence of domestic and foreign reactionaries (such influence is still very strong at present and will remain for a long time to come; it will not vanish rapidly), reform our undesirable habits and ideas acquired from the old society, and guard against following the erroneous path charted by the reactionaries." These words tell us to correctly understand and handle the class struggle in the ideological realm within the people.

Some comrades feel that class struggle is a conflict of the fundamental interests of two classes, while the contradictions among the people rest on the foundation of unanimity of fundamental interests; therefore, class struggle cannot exist among the people. The first part of the statement covering the concept of class struggle and contradictions among the people is acceptable. However, real life is intricate and complex, and various conditions often intersect. When various mistakes occur due to the corrosion of the exploiting class ideology among the people, such erroneous ideas and conduct, representing the interests and demands of the exploiting class, will inevitably conflict with the interests of the people and the state. This is one aspect of the issue. As regards the other aspect, since those making the mistakes are part of the people, helping them overcome the corrosion of the exploiting class ideology and rectifying the errors they commit not only will conform with the interests and demands of the people but, basically speaking, will benefit the erring comrades themselves. Therefore, the two concepts must not be interpreted as absolutely opposite and unconnected.

The second crucial issue of the dispute is that some people, under the corrosion of the exploiting class ideology, have developed to the stage of violating party discipline and state law and have become criminals. How do we regard such people? Comrades denying the existence of class struggle among the people feel that such contradictions have undergone a qualitative change, turned into contradictions between ourselves and the enemy, and taken themselves out of the category of contradictions among the people; therefore, they cannot be considered as class struggle among the people. We feel that this view is not compatible with practical conditions. In practical life, conditions are not so simple. Some of those violating party discipline and state law require severe handling, such as taking away their party membership or discharging them

from public office. However, we must still distinguish the two different categories of contradictions according to the different conditions. Those who should be retained among the people must not be treated as enemies. In the enforcement of party disciplinary or administrative measures, persuasive education is still necessary. Punishment is for the purpose of educating and saving people, sobering them up and checking their slide down the wrong path in order to avoid more serious consequences, which could destroy themselves as well as damage the revolution. Even for convicted criminals there are also two different conditions: Some of them should be deprived of their political rights and handled as contradictions between ourselves and the enemy; others should not be deprived of their political rights and should be handled as contradictions among the people. As regards those violating law and discipline who are severely punished and criminals whose political rights have not been deprived, naturally we cannot negate the class struggle essence of their acts. Do they not precisely constitute class struggle among the people? If we adhere to the view which denies the existence of class struggle among the people and remove them all from the category of contradictions among the people, turning them into contradictions between ourselves and the enemy, will this not be a case of expanding the class struggle? On the other hand, if we recognize them as contradictions among the people but negate their class struggle essence, will this not be a case of abandoning the principle which must be upheld in regard to violations of law and discipline and criminal conduct? We must also realize that in our country today a minority of those violating law and discipline and committing crimes consists of remnants of the exploiting class adhering to the reactionary standpoint, while the majority are part of the people who have gradually developed and degenerated due to the corrosion of the exploiting class ideology. Among the degenerates and criminals, the essence of the murderers and arsonists can be determined immediately without trouble, but in the case of most people who violate the law, their mistakes are often discovered first, but the essence of such mistakes cannot be determined immediately. A process of understanding and exposure is required before the final determination of whether they are contradictions among the people or between ourselves and the enemy. If we decide that there is no class struggle among the people, we will lower our guard, relax our vigilance and fail to promptly discover those making mistakes and expose the criminals. If we look squarely at the objective reality of the reflection of the political and ideological class struggle among the people, refrain from avoiding or minimizing the status quo of the class struggle, and pay serious attention together to political-ideological work, we will be able, to a greater or lesser degree, to help some people make fewer mistakes or prevent large mistakes, or we can adopt various methods to rescue some people from going astray.

In sum, we are now in the period of transition to a proletarian society and in the process of eliminating the classes. This process is a long-term one, and the conditions are intricate and complex. We must clarify

the status quo of the class struggle by seeking the truth from the facts, neither exaggerating nor minimizing it, and correctly handle and solve the contradictions according to the different degrees and different essences in order to prevent the survival and reemergence of the bourgeoisie while we pursue the four modernizations.

6080

CSO: 4004

RECTIFYING THE IDEOLOGICAL LINE IS AN IMPORTANT GUARANTEE FOR ALL-ROUND AGRICULTURAL DEVELOPMENT

Beijing RED FLAG in Chinese No 10, 2 Oct 79 pp 74-76

[Article by Wang Shufang [3769 2885 5364], secretary of the Zhucheng County CCP Committee, Shandong]

[Text] The discussion on practice as the sole criterion for testing truth has opened the floodgate for the emancipation of our minds. It has further confirmed our belief in the prime importance of practice, helped us sum up the main historical experiences, heightened our awareness of the need to follow objective laws in agricultural production, and enabled us to discover a way suitable for our local conditions to develop agriculture. We feel that this discussion has set right our ideological line and is therefore playing an important role in speeding up the all-round development of agricultural production.

Since coming to work in Zhucheng County in 1977, I had always had in mind one particular question: How to speed up agricultural production throughout the county? However, since my mind was not yet emancipated from the many traditional conventions, I could not find the answer. The discussion on the criterion of truth deepened my understanding of the theory of knowledge, and then the right idea came to mind.

First, upholding the viewpoint that practice is of prime importance, I reviewed and summed up the experiences of agricultural development in our county. Since the founding of the People's Republic, our county's agricultural production has had two ups and two downs. Practice has proved that whenever production picked up speed, our ideological line was somehow correct; whenever production slowed down or declined, our ideological line was erroneous. Metaphysics and idealism, which were particularly rampant when Lin Biao and the "gang of four" were riding high, caused great ideological confusion with serious consequences. This situation reflected on our method of guidance in agricultural production. For a long time we were unaware of the dialectical relationship of mutual dependence and mutual promotion between grain production and diversified economy, and we held the one-sided view that attention

to agriculture should be confined only to grain production. Thus, in promoting grain production we neglected economic crops and overlooked the need for developing forestry, animal husbandry and fishery, thus violating the objective laws and bringing about imbalances within the agricultural sector. As a result, a diversified economy was not developed and grain production failed to improve. In some localities, a diversified economy was even severely disrupted. As the masses sharply criticized, "Take grain as the 'key link' and all others are wiped clean. The collective suffers damage and the commune members suffer misery."

The pernicious influence of the idealist ideological line of Lin Biao and the "gang of four" was reflected in the work style and methods of our leaders, as highlighted by their disregard of objective realities, their blind commandism, "finishing everything off with a single stroke of the knife," pomposity and practice of formalism. In planning to solve problems or in actual work, they paid no attention to study, investigation or mass practice. As a result, objectivity was divorced from subjectivity, and they did many foolish things. In planning for a project or in popularizing some experiences, they did not take specific conditions into account or act in a way suitable to the local conditions at specific times. Instead, they had only one standard and one requirement. For example, in calling for the expansion of autumn sowing acreage, they disregarded the necessary conditions of work, and, as a result, wheat was planted even in arid hilly areas; in stressing the need for better quality in planting, they arbitrarily demanded that "there should be a straight line of 10 li and an area of thousands of mu with no miscellaneous seedlings whatsoever among the crops, and this standard must not be changed." This practice, flashy but without substance, was divorced from reality and the masses. Besides creating many difficulties for the basic-level cadres in work, it also brought serious damage to agricultural production in some localities.

From our lessons drawn from historical experience, we gradually grasped the importance of setting right the ideological line. The continual deepening of the discussion on the criterion of truth brought me gradual ideological enlightenment. I began to understand that, in order to speed up agricultural development in our county, we must not proceed from "book worship" or from subjective wish; instead, we must proceed from the realities in Zhucheng, guided by the basic theory of Marxism-Leninism-Mao Zedong Thought and the masses' practical experience.

What are the realities in Zhucheng? Some standing committee members and I once visited many communes and production brigades and teams, where we modestly solicited the opinions of the masses, listened to their voices, summed up their experiences and thus gained a deeper insight into their situation. In the course of our investigations we discovered that some communes and production brigades and teams were fairly good in production and their commune members were fairly well off, mainly because they paid

attention to a diversified economy in addition to developing grain production. Others were not so well off because they neglected a diversified economy while pursuing grain production alone. Practice in these two types of communes and production brigades and teams has proved, in both positive and negative ways, that a single-line undertaking is against objective laws, while an all-round development corresponds with the realities in Zhucheng. Therefore, it is necessary to take the road of all-round development of agriculture, forestry, animal husbandry, sideline occupations and fishery. When the correct way had been discovered, we held a three-level cadre meeting in November 1978 for the specific purpose of working out some concrete measures for developing a diversified economy. Before the meeting we organized a special 2-day study program for the commune party committee secretaries and the responsible persons of departments directly under our county, so that they could discuss among themselves the important theoretical question of the criterion of truth in the light of realities in our county. This further emancipated their minds and provided them with a powerful ideological weapon in planning and working to speed up production and construction. After the meeting, many comrades said with great enthusiasm: "Developing forestry, silk cocoons and fruit production is like planting a 'money tree'; raising pigs, rabbits and sheep is like carrying a 'gold doll' or a 'silver doll' in our arms; and extraction of underground mineral ores is like digging up a treasure bowl. If we keep up these jobs, our county's agricultural development will be much faster."

The third plenary session of the party highly evaluated the discussion on the criterion of truth, and this event gave us great inspiration. After careful study, we realized that the principles and policies decided in the third plenary session can be truly implemented only when we continue our discussion on the criterion of truth, uphold the viewpoint that practice is the sole criterion for testing truth, adhere to the dialectical materialist line of cognition and act with a scientific approach. The combination of a diversified economy and grain production in our county should be consistent with the spirit of the two important documents adopted by the third plenary session concerning the development of agriculture, and this road should be a correct one. Therefore, with no further mental burden we boldly and confidently proceeded to develop a diversified economy. We unequivocally offered to provide every facility for the full exploitation of local natural resources and the "promotion of both grain and cash crops." We encouraged not only the collectives to actively develop a diversified economy, but also the commune members to carry on household sideline production. In animal husbandry, we encouraged the collectives to raise the "three big cattle" (pigs, cows and sheep) and the commune members to raise the "three small cattle" (pigs, rabbits and chickens) at home. After all, as long as the socialist orientation was firmly adhered to, people were free to increase grain production and their income in order to enrich the collectives as well as the commune members themselves in any way suitable to their local conditions. I went to West Germany and Italy on an inspection tour early

this year and found that animal husbandry formed quite a large proportion of their agricultural economy. Some people there wanted to place orders with our county, and their gesture made me even more determined to develop our animal husbandry in earnest. On my return, I further pursued this matter and proposed that, in addition to pigs, rabbits and chickens, the commune members could also raise both beef cattle and milk cows.

Correct knowledge comes from practice and is at the same time developed, modified and enriched in the course of practice. While developing a diversified economy in earnest, we encountered some problems: Some localities and units which were also striving for a diversified economy did not fare well. This shows that the method of promoting a diversified economy in every unit involves the problem of ideological line: Should people proceed from reality and act in a way suitable for local conditions, or should they act blindly regardless of existing conditions? The proper way should be to follow the direction of the dialectical materialist ideological line, to proceed from the realities of each commune or production brigade or team, to ascertain the key links and to fight battles in advantageous positions. Therefore, in the course of an all-round agricultural development, we stressed the need to take advantage of local conditions: if they were favorable for agriculture, then develop agriculture; if favorable for forestry, then forestry; if favorable for animal husbandry, then animal husbandry; and if favorable for fishery, then fishery. In grain areas, grain should be the key link; in remote mountainous regions, forestry should be the key link; in places where cotton, oil-bearing plants and tobacco enjoy favorable conditions, then cotton, oil and tobacco should be the key link. In units with ample labor power but scanty land, great efforts should be made to develop industrial and sideline production. In units where there is more land than people, part of the land should be allotted for the construction of animal farms to develop animal husbandry, with the raising of cows as the main concern. When the correct ideological line is taken, people will be more active in their work, and a diversified economy will quickly flourish throughout the county.

When we were actively promoting a diversified economy, some comrades were worried about the development of "capitalism" or the "rightist" deviation of our policies. The correctness or incorrectness of this way of thinking cannot be determined by subjective thinking. The only way is to test it in practice. In rearing rabbits, for instance, the county bought 2.1 million rabbits, and this transaction increased the income of the state, the collectives and the commune members by more than 10 million yuan, in addition to an amount of fertilizer equivalent to 2,600 tons of standard chemical fertilizer. Since this is good for the state, the collectives and the commune members, how can it be called "capitalism"? The worry that a diversified economy was a form of "capitalism" and that the policy was "rightist" was caused by the subjective standard set by Lin Biao and the "gang of four"; it did not come from practice. The discussions on the development of a diversified economy strengthened our faith in

practice as the sole criterion for testing truth. Anything that has been proved to be correct by practice should be courageously upheld, no matter whether it has been criticized by anybody; anything proved to be incorrect by practice should be resolutely rectified, no matter who has previously approved it. This is the practical Marxist approach. As the masses have said, there are thousands and tens of thousands of theories, but only those that can stand the test of practice can be called truth.

To rectify the ideological line, there is still the question of leadership methods. This question, in the final analysis, is one of ideological line. In the course of developing a diversified economy, a small number of commune and production brigade cadres did not take the initiative or set their minds working. Instead, they had to rely on the planning of higher authorities. These cadres had formed the habit of only obeying orders, mechanically carrying out what they were told to do, and then arrogantly issued orders to the lower levels, regardless of the objective conditions. In due course their thinking will become ossified. In view of this, we repeatedly emphasized to the basic-level cadres that in implementing the directives from higher levels they must not mechanically follow, in disregard of specific conditions, and that it is important for them to thoroughly understand the spirit and essence of the directives and then work out their own plans in the light of realities.

Discussions on the criterion of truth, which have been going on for more than a year, particularly since the third plenary session, have set right our ideological line and helped us implement, correctly and completely, the policies of simultaneous development of "agriculture, forestry, animal husbandry, sideline production and fishery" and of "taking grain as the key link, carrying out all-round development, working out plans suitable for local conditions and concentrating our forces on the right spot." These policies produced good economic results. After last year's good harvest, the average per-mu output of wheat this year has increased more than 30 percent, and the total output increased more than 8,000 jin, surpassing the grand total of all grain output in 1978. A diversified economy from January to August yielded a total revenue of more than 56.4 million yuan, representing an increase of more than 11.9 million yuan over the same period of 1978. During the summer distribution this year in the county, the average grain ration and cash income for each person in most communes and production brigades or teams surpassed those of last year. The commune members said with enthusiasm: "The third plenary session is good. If we can keep on like this, we do not have to worry about our livelihood." To develop forestry, silk cocoon, fruits and reeds, large production bases have been set up in the hilly regions and valleys of the Wei and the Qu rivers. In developing export products, 200 bases have been established for beef cattle, and more than 300 production brigades were mobilized for "four rearings and one processing" (rearing chickens, rabbits, martens and sheep and processing handicraft articles). By now the county has started hundreds

of projects for cattle raising, processing and mining. The plans for a diversified economy have already been worked out, and a good foundation has been laid for its future development. Practice has fully proved that the rectification of ideological line is an important guarantee of speedy and all-round development of agricultural production.

Not long ago a leading comrade from the Central Committee came to our province to give an important talk, which, by expounding Marxism-Leninism-Mao Zedong Thought, vividly clarified the basic spirit of the party's third plenary session. He charged us at an appropriate time with the task of catching up with the discussion on the criterion of truth. This is of great significance in guiding us in the intensive study of the party's third plenary session documents, in rectifying our ideological line, in implementing the party's political and organizational lines, in improving the party work style and in uniting to strive for the four modernizations. This talk correctly reflected the realities of our county, which has only taken its first step in emancipating the mind. The thinking of some comrades here is still ossified or semi-ossified, and they cannot adapt themselves to the big shift in the focus of work. The development of discussions on the criterion of truth in many communes and production brigades and teams is still very uneven and not deepgoing enough. We must conscientiously make up the missed lesson for the county party committee members, accomplish the basic task of rectifying our ideological line, continue to emancipate our minds, and do a good job for the all-round development of agricultural production and rural construction in our county.

9411
CSO: 4004

TAKE THE ROAD OF COMPREHENSIVE DEVELOPMENT OF AGRICULTURE, INDUSTRY,
SIDELINE PRODUCTION AND ANIMAL HUSBANDRY

Beijing RED FLAG in Chinese No 10, 2 Oct 79 pp 77-80

[Investigation report on the Jiuji Production Brigade of Xinji Commune
in Huolu County, Hebei Province]

[Text] Editor's note: Instead of producing grain exclusively, the Jiuji Production Brigade has taken the road of comprehensive development of agriculture, industry, sideline production and animal husbandry and thus has enabled both the collectives and the commune members to become better off. Its experience is invaluable for localities with large populations, small areas and poor natural resources in attempting to speed up agricultural production. The Jiuji Production Brigade had the courage to throw off the shackles of a "single-line undertaking," particularly when Lin Biao and the "gang of four" were frantically pushing the ultraleftist line. Proceeding from reality and correctly handling the relationship between agriculture and other undertakings, it has expanded the collective economy and improved the commune members' material and cultural lives. Such spirit should be widely disseminated. Located in a town, the Jiuji Production Brigade of course has special conditions of its own, just as other localities have theirs. In learning from the experience of the Jiuji Production Brigade, like learning from any advanced experience, each locality must take into account its own special conditions in order that its efforts may be fruitful.

The Jiuji Production Brigade of Xinji Commune in Huolu County was originally a poor and backward brigade with many people, little land and scanty natural resources. However, for more than 10 years this brigade has adhered to the principle of proceeding from reality in persistently

taking the road of comprehensive development of agriculture, industry, sideline production and animal husbandry, instead of exclusively producing grain according to the "single-line undertaking" method. It has thus brought about an important change in the brigade's economic structure and increased the wealth of the collectives as well as the commune members. Its method is highly instructive, and its basic experience deserves careful study.

At present the Jiujie Production Brigade has 246 households with 1,097 persons and 596 mu of farmland. The average acreage for each person is only 0.54 mu (or 0.42 mu for grain production). Before 1961 the brigade members were only concerned with grain production and neglected a diversified economy. Although the whole population was mobilized in an all-out effort to solve the food problem, they still had to rely on loans for production, state marketing for food and relief for survival. In 1961 the brigade's assets consisted of one half of a motor-pumped well, four rubber-wheel pushcarts and several cows and donkeys. At that time some people knew that "the brigade was empty and the people poor," and they lost their faith in the collective. Therefore, they planned to find some way to earn their own living. However, the overwhelming majority of the cadres and commune members of this brigade had tasted the bitterness of the old society and profoundly realized that there was but one road open to them--the socialist road, along which they should travel under the leadership of the Communist Party. Poverty compelled people to use their brains to work out some way for common prosperity. There were heated discussions on this subject, and the conclusion reached was that, since Jiujie had little land but many people, agricultural development would be difficult. However, since it was located in a town with many skilled workers available, there were good potentials for a diversified economy, and this was an advantage. Therefore, as long as people set their minds working to get things organized, they should have no worry about not being able to develop the collective economy. The commune members' discussion enlightened the brigade cadres. They summed up past experience and realized that the "single-line undertaking" method of producing grain alone was unworkable. Proceeding from reality and adopting methods commensurate with local conditions, they took the road of comprehensive development of agriculture, industry, sideline production and animal husbandry.

In 1961 they began to develop sideline production. First they organized three cauldron repairmen into a work team and set up a mobile repair shop. In addition to cauldrons, this shop also mended tin pots, repaired bicycles and offered other services. Later some "skilled workers" were organized for making bean curd, ginning cotton, mending soles and repairing tarpaulins. Everyone's ability was used to advantage in developing sideline production, and in the same year they earned more than 16,000 yuan. In 1962 their trade was expanded to include the repair of pitchforks and galvanized sheet work, and their income for that year was further increased to 62,000 yuan. In 1963 the mobile shop

was expanded to include a baking-oven team. It was also able to process water-pump tubes and to weld bicycle frames. At the same time they set up a flour mill and an oil press and used small carriages for freight transportation. In 1966 a repair and spare parts team was formed, with three workers who had returned from the cities as the backbone elements. They bought a shaper and manufactured a set of disc shears and a tubing machine as well as some accessories. Then they were in a position to undertake more processing jobs, including the processing of machine-made tubings. In 1967 their income from sideline production accumulated to 510,000 yuan. This fund was used on irrigations projects and the purchase of chemical fertilizers. Agricultural production thus took a gigantic step forward. Total grain output in 1967 increased from 137,000 jin in 1961 to 440,000 jin. This production brigade became self-sufficient in grain. The average annual income for each commune member was 140 yuan, and the public accumulation fund for the brigade amounted to 135,000 yuan. During the 7 years of agricultural development with sideline production support, this production brigade was able to contribute to the state, after feeding its own commune members and providing them with spending money, in addition to its own accumulation.

When a diversified economy had proved its worth, the Jiujie Production Brigade became more confident in its own future. In 1968 it began to gradually develop industry. At first it was handicapped by a lack of equipment and technical skill. Displaying its pioneer spirit, however, it repaired discarded articles with indigenous, simplified and makeshift methods and gradually created the necessary conditions for industrial production. By 1978 it had already manufactured 10 sets of machines, including shapers and machines for chiseling, punching and sawing. It also manufactured nine sets of special equipment for electroplating, metal-sheet pressing, tube making and soft tubing processing. With its own accumulated funds, it bought on different occasions 29 sets of all-purpose equipment for machinery processing and one 40 kw power generating set. There are now 170 persons working in a processing, repair and spare parts plant with eight workshops. This plant is able to make many types of models, maintain and repair tractors and large agricultural machines, and produce metal containers in the shape of tubes, boxes and aluminum foil bags for commercial and chemical industrial departments. The sideline production has also undergone new developments with the addition of a flour mill, a popsicle plant, and processing plants for soybean sauce and vinegar. In the past 11 years, industry and sideline production were the source of a net income of 2.15 million yuan.

While vigorously developing industrial and sideline production, the Jiujie Production Brigade also actively promoted animal husbandry in a way suitable for local conditions. In 1970 it bought four small milk cows and set up a dairy farm. By 1979, through constant breeding, the number was increased to 53 (in addition to 16 which had been slaughtered to support fraternal units). The odds and ends from the processing of farm products and rice stalks, supplemented by green grasses bought with

money from the sale of ropes made from wheat stalks, basically solved the problem of fodder. In 1978, 120,000 jin of milk was produced. Besides catering to the needs of the commune members, the brigade sold some 90,000 jin of the milk for 25,000 yuan, which was equivalent to more than 50 percent of the net agricultural income. In 1976 the brigade set up a marten farm and used the heads of slaughtered rabbits supplied by a local refrigeration plant for feeding the martens. In 1977 a pig farm was built, followed by a chicken farm in 1978. The development of these farms has not only increased the brigade's income but also supplied large quantities of fine-quality fertilizer. It is estimated that fertilizer accumulated from this source amounted to 1.2 million jin.

After abandoning the single-line undertaking and taking the road of comprehensive development of agriculture, industry, sideline production and animal husbandry, the Jiujie Production Brigade made rapid progress in agricultural production. The former "empty brigade with poor people" underwent a complete change.

Labor productivity has been raised. For planting purposes, the number of people has been reduced from more than 250 in 1961 to only 75, being 21.7 percent of the total labor force. In 1978 the total grain output was 728,600 jin, four times that of 1961. The average output of grain by each able-bodied worker was more than 9,700 jin, 14.7 times that of 1961.

The collective economy has now been strengthened. The appropriated public accumulated fund in 1978 amounted to 175,000 yuan--24 times that of 1961--leaving 297,000 yuan at the yearend. In 1978 some 25,000 yuan was appropriated from the public welfare fund, this amount being 20 times that of 1961. By the end of 1978 the brigade had 1.2 million yuan in fixed assets and 189,000 jin of reserve grain.

The contribution of the brigade to the state has also increased. From 1961 to 1964 it consumed more than 300,000 jin of state-marketed grain; but from 1965 to 1978 it sold to the state more than 600,000 jin. From 1965 to 1978 it paid 229,000 yuan as tax for the brigade-run enterprises.

The allocation of labor power is now more rational. Before 1961, because of the scarcity of land and the large population, there was a surplus of labor power. The development of agricultural mechanization further swelled the rank of laborers. What to do with this large labor force? The main way was to open more avenues of product to absorb the local labor. All handicraft and skilled workers were organized, and everyone's ability was used to the best advantage. In the past several years, 108 workers were helped to get suitable jobs. Each year some middle school and high school students dropped out, and they were given work according to the brigade's needs and the students' desire. Thus, everyone had work to do during either busy or lax farming seasons. Now, rather than a surplus, a shortage of manpower is being felt in this brigade.

The material and cultural levels of the commune members have also been raised. In 1978 each person's average income was 205 yuan, representing a 60-percent increase over that of 1961. In the brigade, 120 households, 48.7 percent of the total number, earned more than 500 yuan, and 61 households, 24.4 percent of the total number, earned from 1,000 to 2,000 yuan a year. The commune members' grain ration averaged 500 jin each, 75 percent of this amount being wheat and rice. One-third of all the households drank milk and had increased supplies of meat and eggs. Electric light and tap water are now available in every household. In the brigade, education in elementary and middle schools, nursery care, medical attention, rice and flour processing, haircuts, funeral services and tap water supply, totaling seven items, are free, while food, clothing, fuel and other utilities for households enjoying the five guarantees [childless and infirm old persons who are guaranteed food, clothing, medical care, housing and burial expenses by the people's commune] were all taken care of by the brigade. In addition, each of these households received 8 yuan for pocket money every month and half a jin of milk every day. A system of care for the aged has been introduced, effective this year. Under this system, any commune member over 60 and no longer able to work is entitled to the benefits of an old-age pension. The amount of this pension is determined by the length of his service and the amount of his contribution to the collective according to the democratic assessment by other commune members. This pension ranges from 100 to 175 yuan each year. To enrich the cultural life of the commune members, the brigade has bought movie projectors and television sets and set up movie studios, television viewing centers, libraries and clubs. The brigade also pays half of the commune members' subscriptions to newspapers. Since the Jiujie Production Brigade can correctly handle the relationship between production and livelihood, the commune members' material and cultural living conditions have continued to improve along with the development of production. From their tangible benefits, the broad masses of cadres and commune members can now look forward to a bright future for the collectives and for socialism. Their enthusiasm in production continues to soar.

The outstanding success of the Jiujie Production Brigade in taking the road of comprehensive development of agriculture, industry, sideline production and animal husbandry is attributable mainly to its correct knowledge and handling of the relationship between agriculture on the one hand and industry, sideline production and animal husbandry on the other, so that they can promote one another and grow together. The brigade realized that it is not correct to be concerned with grain production exclusively and to neglect sideline production. However, in developing sideline production it would be equally wrong to forget that agriculture is the foundation. The reason is that, if grain production failed, no one would have enough to eat, and there would be no foundation for industry, sideline production and animal husbandry, all of which, even though making a temporary upswing, would eventually decline. It is impossible to work for money with one hand and for food with the other.

Therefore, the brigade gave priority to agricultural production and used whatever labor could be spared by agriculture for developing industry, sideline production and animal husbandry. In developing these undertakings the brigade made full use of the money earned and the technical skills of these workers to support agriculture in order to speed up its mechanization and modernization. In the light of realities in the brigade, main attention was paid to three projects: First, the setting up of a water conservation system. In accordance with the principle of rational distribution, so that units at various levels would have easy access to a water supply, 105,000 yuan was invested to renovate some old wells and to sink five others to depths ranging from 250 to 500 meters. Deep-well pumps were installed, and, to prevent seepage, more than 4,000 meters of cement pipes were laid underground. Thus, the brigade is now better able to combat drought. Second, electrification. To insure sufficient power for agricultural purposes, 69,000 yuan was invested for the purchase and installation of a set of motor-driven power generators, transformers and electric motors. Third, agricultural mechanization. From 1970 to 1973, mechanized plowing and mechanized sowing were introduced for the main crops of arid fields. This was followed by mechanized threshing in 1974 and mechanized plant-protection and mechanized intertilling in 1975. In 1978 two agricultural trucks were bought, thus inaugurating the system of mechanized transportation. By the end of 1978, 289,000 yuan had been invested in agricultural mechanization, including the purchase of seven tractors of large, medium and small sizes, 10 diesel engines and 67 motors, in addition to harvesters, sowing machines, hoisters, intertilling machines and other farm machines totaling 260 sets (units). The total power used for agricultural mechanization reached 490 horsepower, averaging 1 horsepower for every 1.21 mu. More than 80 percent of the total agricultural labor has been replaced by machinery.

Since the Jiujie Production Brigade has in the main accomplished agricultural mechanization and water conservation, it is now in a far better position to combat natural disasters and to insure intensive and meticulous farming without missing the farming season, in addition to tapping the potentials of soil and promoting the development in depth and breadth of agricultural production. The total grain output in 1978 was increased to 728,000 jin from 447,000 jin in 1969. The cost of grain production has also been lowered. For each jin of wheat, the cost was lowered to 0.35 yuan in 1978 from 0.58 yuan in 1968. This increased output was accompanied by increased income.

The Jiujie Production Brigade has correctly implemented the socialist principle of paying according to work. It set definite tasks and quotas for different work teams engaged in any of the four undertakings, together with a system of reward and punishment. Each work team, too, set up systems of responsibility and reward and punishment for its commune members, so that they can be aware of the tangible material benefits and show greater enthusiasm in production. There have been certain

contradictions arising from differences in remuneration in relation to labor intensity for different undertakings. The brigade noted these contradictions and regulated the distribution of income and the award of bonuses, so that the incomes for those engaged in agriculture as well as in industry, sideline production and animal husbandry have been generally balanced and everyone is happy. Under the brigade's regulations, agricultural labor is awarded half a workpoint more each day than that given for the same amount of labor for industry, sideline production and animal husbandry. Agricultural laborers also receive a little more reward than the other laborers. Furthermore, agricultural laborers get a subsidy in grain. Since the beginning of 1979 the brigade has introduced a system whereby rewards or punishments are given according to the quality of work done. Anyone who has fulfilled his quota will receive a bonus equivalent to 1 percent of the net income of the work team. If his quota is overfulfilled, his bonus will be 20 percent of the same net income. However, anyone failing to fulfill his quota will have his basic workpoints reduced by 5 percent. The brigade was particularly attentive to improvement of working conditions and reduction of labor intensity so as to gradually reduce the difference between agricultural and other forms of labor.

For more than 10 years the Jiujie Production Brigade has achieved gratifying success in the comprehensive development of agriculture, industry, sideline production and animal husbandry. It should be pointed out that these people relied on only themselves and have in the main succeeded in mechanizing agriculture without state loans. They have changed the backward situation of too many people waiting to be fed. They have correctly handled the relationships between production and livelihood and between accumulation and consumption, and they have thus expanded their collective economy and improved the commune members' living conditions. At present the Jiujie Production Brigade's broad masses of cadres and commune members, inspired by the spirit of the party's third plenary session, are even more closely united in striving for an even better harvest this year.

By Xu Zongyao [1776 1350 5069] and He Huaming [6320 5478 6900].

9411

CSO: 4004

- END -

END OF

FICHE

DATE FILMED

Dec. 6 1979

TL